

REPORT
OF
DEPARTMENT OF VETERANS AFFAIRS

TO THE
HONORABLE RUDY PERPICH
GOVERNOR
OF THE
STATE OF MINNESOTA

ANNUAL REPORT FOR THE FISCAL YEAR 1986

The attached annual report summarizes the activities of the Department of Veterans Affairs during Fiscal Year 1986. The department has continued its program of restructuring and streamlining to meet its self-imposed goals of improved service to our clients and cost-effective operation.

The State of Minnesota enjoyed revenues in excess of \$600 million during this last year in the form of federal dollars spent in the state for veterans and veterans' dependents. The increase over the previous fiscal year of about 10% is due primarily to the aggressive pursuit of all sources of revenue. Through this and other innovative leadership ideas, the department was able to return 80% of the operating expenses of the Minneapolis Veterans Home to the general revenue fund during the past year. Increased collections at the Minnesota Veterans Homes comprised a large portion of this increase.

The Department of Veterans Affairs was very active throughout the state during the past fiscal year, conducting a series of 14 public hearings across the state. These hearings afforded veterans an opportunity to meet with the Governor and members of the legislature, as well as the department, to express their views concerning veterans benefits in Minnesota. A great many veterans participated, and much valuable information was learned which will be used to help plan the course of future programs and legislation.

The department participated in a series of hearings held by the Minnesota Board on Aging, which dealt with the specific problems facing older Minnesotans. The aging veteran population, those over age 65, will soon comprise a majority of Minnesotans over the age of 65, and the department is striving to meet their special needs.

Minnesota's veterans are served by the County Veterans Service Officer system, the finest in the nation. Located in every county, these Service Officers assist veterans and their dependents with applications for benefits and related services. The department has increased its training efforts with regards to the County Veterans Service Officers, to assist them and to help them to make veterans aware of their benefits. Through this system of training and cooperation, the state is assured that every effort will continue to be made to collect every benefit to which Minnesota's 500,000 plus veterans and their dependents are entitled.

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CLAIMS DIVISION

The Claims Division has the responsibility of assisting veterans and County Veterans Service Officers with the presentation of claims for benefits and services from the Veterans Administration, as well as adjunct service providers such as the Social Security Administration. With the increasing age of Minnesota's veterans, the number of claims for benefits and services has risen and is expected to continue to rise until the year 2020.

While the main office of the Claims Division is located at Fort Snelling with the Veterans Administration Regional Office, the department also maintains branch offices in both Duluth and Fargo to serve veterans in the northeast and northwest portions of Minnesota. The Fargo Office is located in the Veterans Administration Regional Office in Fargo, North Dakota because that office has jurisdiction over a 14 county area of northwestern Minnesota. Veterans living in these counties are required to pursue any claims for benefits from the Veterans Administration through the Fargo Regional Office. All three offices of the Claims Division report an increase in the number of claims and the number of requests concerning benefits and services.

The Claims Division is very much involved with the training of Minnesota's County Veterans Service Officers, participating in department sponsored training sessions, workshops and meetings, as well as serving on the Education and Training Committee and the Certification Committee of the Minnesota County Veterans Service Officer's Association.

Recently the Claims Division was given the added responsibility of the Agent Orange Program. This program is intended to provide information and assistance to Minnesota's Vietnam veterans who may have been exposed to toxic chemicals during their service in Vietnam.

Another function the Claims Division provides is the enforcement of the Veterans Preference Statutes, as contained in Minnesota statutes. The Commissioner of Veterans Affairs is charged with the enforcement of the Minnesota Statutes which govern veterans preference. During FY 1986 a total of 35 inquiries about possible violations of these statutes were received by the department. A total of \$17,654.99 was expended by the department for contested case hearings to settle these claims.

GUARDIANSHIP DIVISION

The Guardianship Division provides financial guardianship services to the more than 150 Minnesota veterans who have been placed under the guardianship of the Commissioner of Veterans Affairs, either by the court system or by the Veterans Administration. This service has custody of the clients' financial assets including investments, bank accounts and other properties. Services include the management of the clients' assets and income, the timely payment of obligations such as rent and utility bills, as well as the disbursement of any funds for the daily needs of the client.

Only a very limited number of these clients are residents of one of the State's Veterans Homes; rather, the majority reside in the community, either in their homes or in a group setting such as a halfway house.

In the overwhelming number of instances, the Commissioner has been appointed guardian of a client because they are too difficult for commercial providers of this type of service to deal with. Many of these clients have behavioral problems, coupled with chemical dependency, which make them undesirable for other guardianship services.

Only during the course of the last fiscal year has the Commissioner instituted a program of charging clients for this service, at the rate of 5% of their gross monthly income. Only those clients with an income over the base rate are charged, however, and a number of these have their fee waived due to special circumstances. This fee for service is intended to recover some of the costs incurred in providing this service.

The Commissioner is currently guardian for 152 veterans. Following is the financial activity of the Guardianship Division for the last fiscal year:

Balance forward from FY 85	\$1,413,095.68	
Total receipts/deposits	\$1,874,223.19	
Interest income*	63,560.93	
 Total paid expenses		\$1,554,963.72
Investments		1,700,000.00
Cash on hand as of 06/30/86	-----	95,916.08
	\$3,350,879.80	\$3,350,879.80

*Interest income on investments is posted semiannually. Interest income shown reflects only 6 months of earnings; the second half of interest income was posted on July 2, 1986, into FY 87. Therefore, annual interest income would be approximately \$136,000.00.

MINNESOTA VETERANS HOMES

The Minnesota Veterans Homes, located in Minneapolis and Hastings, are intended to provide a quality living environment for Minnesota's veterans who are no longer able to live in their communities. The Minneapolis campus provides 346 beds of skilled nursing care, as well as 198 beds of domiciliary or board and care. The Hastings campus provides 200 beds of strictly domiciliary care.

The Veterans Homes, under the direction of the Commissioner's Office, have fostered an excellent working relationship with the Veterans Administration Medical Centers in Minneapolis, St. Cloud, Fargo, North Dakota and Sioux Falls, South Dakota. These V.A. Medical Centers provide backup medical services required by the Homes' residents, such as intensive hospital treatment. The range of services provided to the Homes' veteran residents include complete hospital treatment, physical therapy, occupational therapy, day care services, speciality clinics, alcohol treatment and drug dependency treatment.

The working arrangement with the Minneapolis Veterans Administration Medical Center was enhanced recently when the Medical Center chose to lease space excess to the needs of the Minneapolis Veterans Home for its pilot project in Adult Day Health Care. This pilot project, the first in the nation, is designed to provide a structured program of activities and services to veterans who reside in their homes but who have physical problems which require the assistance of outside help. The program is intended to provide a full range of therapies, medical services and social programs, all designed to maintain the veterans in their homes. The alternative to this program is much more expensive nursing home care. Residents of the Minnesota Veterans Homes are allowed and encouraged to take full advantage of every program offering, to the extent they are able and desire.

The Minneapolis Home, under the leadership of the Commissioner's Office, recently entered into a contractual arrangement with the Minneapolis Veterans Administration Medical Center for the services of staff physicians. These physicians provide medical coverage at a level previously unknown at the Home and greatly speed the delivery of services from the local V.A. Medical Center, as the physicians make appointments directly to the required clinics. All three doctors covered by this contract are specialists in internal medicine and geriatrics.

The Minnesota Veterans Homes, under the direction of the Commissioner's Office and with the assistance of the Claims Division, has increased the amount of revenues collected from residents and outside sources of income. Revenues at the Minneapolis campus for FY 86 were 80% of operating costs. These revenues were returned to the general revenue fund. Revenues

collected exceeded projections by more than \$750,000.00 due to the aggressive revenue collection efforts.

REVENUE/RECEIPTS
(Fiscal Year 1986)

	<u>Revenue</u>	<u>Expenses</u>	<u>Net Cost</u>
Minneapolis Home	\$6,666,348	\$8,383,100	\$1,716,752
Hastings Home*	\$1,128,254	\$2,226,200	\$1,097,946

*Revenue collection at the Hastings campus of the Minnesota Veterans Homes reflects a rate of 51% of operating costs, while revenues exceeded projections by more than \$300,000.00. Collections at the Hastings campus are below those at the Minneapolis campus due to the nature of the residents at Hastings. These residents tend to be the younger veterans with chemical dependency problems or mental problems, who are generally without income and who lack the requisite eligibility for benefits from outside sources such as the Veterans Administration or Social Security.

MINNESOTA VETERANS HOME
-----MINNEAPOLIS-----

Occupancy at the Minneapolis campus of the Minnesota Veterans Home remained at capacity during FY 1986, during which time 99 persons were admitted to the nursing care units and 76 were admitted to the domiciliary units. In addition to these admissions, 365 applications for admission were processed. At the close of FY 1986 a total of 281 persons were on the waiting list for admission to nursing care units and 19 were awaiting admission to the domiciliary care units.

While the number of residents has not changed over the years, the care level of those in residence and those seeking admission has changed dramatically. No longer is the typical resident an older gentleman who wants to live out his remaining years at the "Old Soldiers Home". Rather, our residents, both current and prospective, require ever increasing levels of skilled nursing care. More prevalent, too, are those residents who are extremely heavy care such as those suffering from Alzheimer's Disease, those who are constantly bedridden and those who require tube feeding. A Wanderguard system was installed in one nursing care unit during this past fiscal year, intended to alert staff when one of the Alzheimer's residents leaves his assigned area. These residents tend to become disoriented and wander into another resident's room or become confused and disrupt staff and residents. These residents require an inordinate amount of staff time, which reduces the amount of time that can be devoted to the care of less disruptive residents.

Other changes in the physical environment of the nursing care units to accommodate the increasing care levels of our residents includes the removing of carpeting from hallways because of incontinent residents. As stated earlier, the number of residents who require feeding by machine has increased dramatically, there now being three times as many as there was only a year ago.

While the age and care level of those residents in nursing care has increased, the same phenomenon is evidenced by the population of the domiciliary units. These veterans are generally older than the typical domiciliary resident of a few years ago, and they have greater health care requirements. Many come to the domiciliary units simply awaiting transfer to a nursing unit.

With the Diagnostic Related Groupings (DRGs) system of health care imposed upon the Veterans Administration and other hospitals, residents return from outside care requiring very high levels of care. Not uncommon are residents who return to the Home with open stump amputations, drains, catheters and the like. Time devoted to the heavier care needs of these residents detracts from the care of the general population of residents.

In an effort to free up more time and positions for direct resident care, the Home has undertaken a vigorous regimen of computerization of its entire records management system. Until this process was funded by the last legislative session, all residents' records, including daily charting, were done manually. With the new system, records can be maintained through the use of computer terminals located on each nursing station. Not only does this allow records information to be entered quicker, it also allows virtually instant access to any resident's health care records from any work station.

Additionally, a records retention schedule is being implemented for all departments; these schedules will cover a total of 155 distinct records needs. It has been estimated by the Data and Records Management section that many sections will experience a storage space savings of up to 50% when the system is fully operational. The Medical Records Department is in the process of classifying diseases of residents, utilizing the International Classification of Disease--9th Revision--Clinical Modification (ICD-9 CM). When completed, this information will be used to evaluate our utilization of health care services and to evaluate the appropriateness of our health care costs.

Another improvement has recently been initiated in the Pharmacy, which recently purchased new drug carts and cassettes to change the unit dose system from that of a one day system to a seven day system. This has shown to be a marked improvement in efficiency.

MINNESOTA VETERANS HOME
-----HASTINGS-----

The Hastings campus of the Minnesota Veterans Home was created by the Legislature in 1978 to provide a living environment for needy veterans who are capable of semi-independent living. The change from a State hospital facility to a Minnesota Veterans Home facility has proven a most efficient method of meeting the demonstrated needs of the veterans community. When originally created, the Hastings campus housed 150 veterans, but demand soon outstripped available supply. In 1979 the Legislature authorized the expansion to the now current level of 200 beds of domiciliary or board and care. This level of care is intended to meet the needs of a population that is capable of managing their own health care needs under the supervision of trained medical personnel.

The target population of the Minnesota Veterans Home-Hastings includes:

1. The older veteran with minor health problems which interfere with their continued independent living. Early intervention and placement in a domiciliary setting quite often averts more costly nursing care placement, which is oftentimes the outcome if the course of the medical problems remains unchecked.
2. The chemically dependent veteran of any age who needs the additional support of a controlled setting before returning to the community and their families.

With the increasing age of the average World War II veteran, the Hastings facility operated at full capacity during the past fiscal year and is doing so to date this fiscal year. This population tends to be more mobile and demands less long-term care, which resulted in 189 admissions and 188 discharges during FY 1986. This translates into an average discharge rate of 15 per month and an average waiting time for admission of two to four weeks per resident.

The staff of the Minnesota Veterans Home-Hastings is comprised of members of the nursing profession, chemical dependency, discipline, correctional and recreational therapists, dietary, maintenance and social services professionals. Located in the smaller Metro area community of Hastings, this campus of the Minnesota Veterans Homes enjoys an excellent working relationship with all levels of the community, including many civic organizations which regularly visit the campus.

VETERANS BENEFITS DIVISION

The Veterans Benefits Division consists of three major areas of responsibility: Veterans Relief-Referral Service, Military Discharge Records and Bonus Records, and the War Orphans-Veterans Educational Benefits.

Veterans Relief: Funds appropriated for this operation are expended to provide temporary emergency financial assistance to veterans and their families. Veterans must be temporarily disabled to take advantage of this program. The overwhelming majority (roughly 90%) of temporarily disabled veterans served by this program are "blue collar" workers - farmers, factory workers, etc. This program is designed to assist a temporarily disabled veteran while he recuperates and then returns to work. Assistance is also provided for emergency hospitalizations, dental and optical care, on a limited basis. Assistance is provided statewide, utilizing the same budgetary limits for every county in the state. No limitations are placed on the amount of equity in real property or personal property a veteran may have, in order to qualify for assistance. Assistance is limited to provide shelter, utilities, food and personal needs. All assistance issued under this program for health care conforms to the State of Minnesota, Department of Human Services Fee Schedules and procedural codes.

Budgetary limitations and reductions were implemented to stay within the budgetary limits of the program, as demand for services began to outstrip the resources available. Changes implemented to stay within the budget included reductions in the levels of payments and a reduction in the amount of time a veteran could participate in the program. These changes were sufficient to meet the projected shortfall and have since been reversed to approach the level they were at prior to implementation.

Bonus Records: The department maintains copies of discharge records on many Minnesota veterans, particularly those who have submitted claims for veterans' bonuses. The department also receives and stores copies of all discharges issued to recently separated veterans who request that the state be furnished a copy. This is possible because of a Department of Defense mandated change in policy. During FY 1986, the department received approximately 1,400 such requests for records from veterans, the Veterans Administration and other agencies.

War Orphan and Veteran Educational Assistance: Participation in these educational programs has slightly decreased during the past fiscal year due primarily to the increasing age of the veteran population eligible to take advantage of it. The veterans program consists of a one-time stipend of \$350 to assist in the payment of tuition, once all federal benefits have been exhausted, but only in cases where the veterans still maintain

eligibility under federal guidelines. The War Orphans program provides free tuition for eligible students at State Universities and Community Colleges.

A total of \$6,921.90 was expended during FY 1986 for the education of veterans under this program; \$11,260.00 was expended during the same time frame for the education of eligible orphans.

Late Bonus Claims: The State of Minnesota has paid a bonus to veterans with war time service since the Civil War, up to and including the Vietnam War. The legislature has, in the past, paid bonus claims that were submitted after the program cutoff date. The 1986 Legislature authorized payments of late bonus claims from 58 individuals, totaling \$16,432.50.

Prisoner of War License Plates: Under a Minnesota Law, which became effective on August 1, 1982, former Prisoners of War who are Minnesota residents could request special auto license plates which identify them as former POWs. The department is charged with the responsibility for certifying that applicants were in fact held by a foreign power during a period of war. During FY 1986 the department certified 18 such individuals requesting these special license plates. From the passage of this law until the present, a total of 135 former Prisoners of War have taken advantage of this special program.