Construction and operation of a new state veterans' home in eastern Montana: is additional nursing and domiciliary care necessary for Montana's veterans?

Michael J. Craig

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CONSTRUCTION AND OPERATION OF A NEW STATE VETERANS' HOME IN EASTERN MONTANA: IS ADDITIONAL NURSING AND DOMICILIARY CARE NECESSARY FOR MONTANA'S VETERANS?

By

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Approved by

Chairman, Board of Examiners

Dean, Graduate School

Date

December 16, 1988
This study concerning a new state home for veterans in eastern Montana originated from an internship for a specific eastern Montana community. Subsequently, that internship developed into a project in which an objective determination could examine the need and affordability of a new state home. This professional paper presents that determination. Because of the past involvement with one specific community, it is important to stress that only some information from that involvement will be cited, and will not be presented on behalf of any specific community, but for all of eastern Montana.

Proposals for construction of a new state home for veterans in eastern Montana began in early 1988 as several local veteran organizations were prompted to make inquiries into the Veteran's Facility Program. Subsequently, the 1988 Montana Legacy Legislature passed a resolution urging the State of Montana to enter into this federal/state partnership with the Veterans Administration. The seniors' resolution recommended the creation of a state home in eastern Montana. Currently, at least three communities have demonstrated their desire as a location for the facility.
Generally, the paper will first outline the problem statement and then introduce the state home program and purpose. In Chapter One, state home application requirements and other statutory requirements are discussed to provide insight into the process as well as factors influential in the state’s ability to secure Veterans Administration funding for state home construction.

Chapter Two provides an indepth investigation into Montana’s funding commitments to construction and operation of a new state home. Statistics from private sector nursing home proposals are provided for comparative analyses. Chapter Three is a discussion of the need for additional state home beds in Montana. The central problem of this section, as well as the entire paper, is how need is determined.

In the final Chapter, opposing and supportive reasoning for the construction and operation of a new state home is provided. This discussion then culminates with my final recommendation to the state in its legislative inquiry as to the feasibility of additional state home care for veterans in eastern Montana.
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INTRODUCTION

The Veterans Administration (VA) sponsors construction and operation reimbursement programs to states expressing interest in creation or expansion of veterans nursing care. The VA will pay up to 65 percent of construction and planning costs, and an amount not to exceed 50 percent per diem costs to individual veterans receiving care. An attempt to secure this VA sponsorship for a new state home for veterans in eastern Montana will occur in the 1989 Montana State Legislature. It is therefore appropriate to determine if a new state home for veterans, hereinafter referred to as a state home, is affordable and if it is necessary.

Montana lawmakers will ultimately decide if it is in the best interest of the state to proceed with planning for a new state home. There are several underlying issues that must be considered in such deliberations, including site location, facility size, and costs to the state. There are arguments advocating and opposing a new state home. When considering projects that are seemingly beneficial to only one element of Montana's citizens (veterans), emotional discussions tend to cloud practical considerations (costs and benefits to all Montanans). Therefore, various
political elements will be examined so that all arguments can be presented in an accurate and comprehensive fashion. The camaraderie that typifies veteran's political and social homogeneity will undoubtedly prejudice discussion of a new state home. No matter what the project or program, if it is perceived as good for veterans, then most veterans will unquestionably be supportive. The VA estimates that there are almost 107,000 veterans living in Montana, 24,000 of whom will be over the age 65 by 1990. In comparison, Montana's total population is expected to reach 805,000 by 1990. These numbers alone indicate that, if organized, Montana's veterans can be a powerful lobbying force. There also exists a tradition of special recognition of Montana's veterans by the people of Montana. The importance of this status has resulted in bonus pay for service during wartime, college tuition waivers, employment preference in the public sector, and special recognition in the 1972 Montana Constitution.

The other supportive argument for a new state home in Montana will originate from the several communities offering

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plans and land for establishment of the home in their locality. A new state home is desirable in any community because of its potential contribution to local economic development. It is especially attractive in that many new permanent jobs could be created by the operation of a new state home.

In contrast, Montana nursing home representatives react with caution to the prospect of new state home construction. First, nursing home officials are uncomfortable with the state government as a source of potential market competition in the fast-growing world of long term health care. Second, with the exception of the Montana Veterans Home in Columbia Falls, Montana's nursing home system offers care to all eligible citizens. Third, many nursing homes contract with the VA to provide for the long-term health care needs of veterans because there are simply not enough beds in the MVH to accommodate all of Montana's veterans in need of nursing home services. Because of the VA construction contributions and per diem financing for individual veterans, the state and veterans qualify for VA financial incentives not available in the private sector.
State Home Description

According to the VA's Standard Procedures and General Conditions for State Home Grant Projects (1981), a state home is established by a state for veterans disabled by age, disease, or otherwise, who by reason of such disability are incapable of earning a living. Such a home usually furnishes nursing home care for eligible veterans. A state home can also furnish domiciliary and hospital care. However, a state home must primarily offer nursing and domiciliary care and cannot exclusively offer hospital care.

Generally, a state home is established through the encouragement of veterans' groups and local or state officials. The state legislature must enact legislation for state home establishment and appropriate funds for its construction and operation.

The state may consider options for construction of a new structure, or may wish to utilize an existing structure for state home purposes. If an existing structure is part of a state proposal for a new state home, it must conform with several health care facility standards and requirements.

Veteran admission requirements are determined by the state. Upon admission, the veteran then becomes eligible for VA per
per diem reimbursements. Additionally, the state may establish a maintenance charge system and collect from pensions, compensations, or other sources of veterans' income. The amount collected from, or on behalf of, veterans plus the amount of federal contributions cannot exceed the total cost of care to the state. Also, VA per diem payments cannot be transferred from the state home facility to another health care facility.
CHAPTER ONE - PROCEDURE

A state home is primarily operated for extended nursing and domiciliary care for eligible veterans. Public Law 95-62 authorized the Veterans Facility Program authorizing states to enter into partnerships with the VA, ensuring state home operations on a permanent basis. Construction costs are reimbursible to the state up to 65 percent, while VA per diem reimbursements for individual veterans receiving care will not exceed 50 percent of the total individual veteran's care expenses.

If Montana wishes to qualify for the Veterans Facility Program, intent for construction and operation must be demonstrated through state legislative action. Subsequently, the VA must approve the chosen site and preliminary floor plans of the facility. Upon favorable review, the VA will place that particular project on a priority list for approval of VA construction funds. Depending on Montana's priority ranking, final VA approval of a construction grant could occur within the same year of the request, or several years after the request, or not at all.

1 38 U.S.C. 5031-5037.
2 38 U.S.C. 641
According to VA administrative regulations, Montana's rank on the VA priority list for state home construction funds is determined by four general requirements. First, Montana must commit sufficient funds for construction before application submittal. Second, if Montana has had any previous assistance with construction funds from this program, the request will be placed below new applicants or previously ineligible states on the list. Third, an application will receive priority if, in the judgment of the Veterans Administration Administrator (hereinafter referred to as the Administrator) and in accordance with prescribed criteria and procedures, Montana has a greater need for nursing home or domiciliary beds than other states from which applications are received. Fourth, the application must meet any other criteria deemed appropriate by the Administrator and as established in regulations.

It is important to note that the Administrator shall accord priority only to projects involving construction of nursing home or domiciliary buildings, and will not accord priority to any project which would expand a state's capacity to

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3 Montana did qualify for construction reimbursement from this program for an annex to the Columbia Falls MVH, but assumed payments before requesting the reimbursement. The VA will not reimburse the state if the state pays for construction first.

furnish hospital care in a state home.\footnote{38 U.S.C. 5035(3)(A-B).} Presumably, the existing availability of VA hospital beds in the VA health care system precludes additional need for hospital beds except under special circumstances. The priority list is completed as of July 1 of each year. By October 1 of the same calendar year, the Administrator shall award grants in order of priority.\footnote{38 U.S.C. 5035(4).}

The establishment, control, and administration of a new state home will remain with the contracting state agency. In Montana, the Department of Institutions would be the appropriate administrative agency. Operation of a new state home would then be treated as any other part of the state infrastructure, competing annually for part of its operational funding from the state general fund. Health care standards for construction will be guaranteed by the state and the VA in the final approved floor plans and the official plan of operation.\footnote{VA Manual M-1, Part 1, Chapter 3, p.3-3.} It is important that state officials are aware that the VA will not reimburse any construction costs over and above the 35 percent state share if the state has already assumed those costs. Also, the VA would reimburse per diem charges contingent upon periodic
inspections authorized to ensure quality health care in the home.

The Application

The state application for construction and operation of a new state home must meet several VA requirements for it to be considered complete: 1) the amount of the request cannot exceed 65 percent of the total cost; 2) a description of the site must be included; 3) plans and specifications of the project in accordance with regulations prescribed by the Administrator must be included; 4) at least 75 percent of occupancy at any given time will be veterans; 5) the title to the site must be vested solely in the applicant state or state agency; 6) reasonable assurance that adequate financial support will be available for construction and for the home's maintenance and operation when complete; 7) reasonable assurance that reports in any manner the Administrator requires will be made upon request, and access is available to records upon which such reports are based; 8) reasonable assurance that construction workers will be paid prevailing local wages; and 9) reasonable assurance that total cost of acquisition, expansion, remodeling and/or alteration of an
existing facility will not be greater than estimated costs of construction of an equivalent new facility.8

The Administrator will approve any application if the Administrator finds that there are sufficient funds available and that all the above requirements are met. Considering the priority ranking procedure, approval of the application does not mean that construction funds are automatically approved. In addition, the project cannot result in more than the number of beds prescribed by the Administrator for the state.9 Currently, the Administrator has established that 2.5 beds to every 1000 state veterans are sufficient to meet nursing care needs.

Federal Statutory Requirements

Before and during construction, the Department of Institutions must demonstrate project compliance with the Federal Water Pollution Control Act,10 the Clean Air Act of 1970,11 and the National Environmental Policy Act of 1969.12

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10 38 U.S.C. 1251, as amended.
11 42 U.S.C. 1857(d), as amended.
12 42 U.S.C. 4321 et seq, as amended.
Additionally, the state must comply with the Rehabilitation Act of 1973\textsuperscript{13} and the Civil Rights Act of 1964\textsuperscript{14} for facility operations. All regulatory and statutory controls apply to new construction, remodeling, or expansion requiring reclassification of beds in an existing facility.

Certificate of Need

In proposing the construction of a new state home, the Department of Institutions may be exempt from a Certificate of Need (CON) review. If the project is authorized by the Montana Legislature pursuant to laws outlining use of Long Range Building Program funds and financing,\textsuperscript{15} then a CON exemption clause may be invoked by the state agency.\textsuperscript{16} However, unless the 1989 Legislature acts otherwise, the exemption clause will be repealed on June 30, 1989. Any agency (community or private) which proposes to increase long-term care capability in Montana may be required to include a needs assessment that clearly supports the proposed increase.

\textsuperscript{13}Public Law 93-112, 38 C.F.R. 18.400.
\textsuperscript{15}7-5 4, 18-2-1, MCA.
\textsuperscript{16}50-5. 309, MCA.
CHAPTER TWO - FUNDING SOURCES & COSTS

As with any other capital project in Montana, the strongest resistance to construction and operation of a new state home will result from concerns of affordability. Indeed, if only construction costs were at issue here, convincing the state to contribute funds would be less of an extraordinary task. Construction funding for a state home is an attractive proposition in that the VA will assume up to 65 percent of the total construction cost. Planning and consulting costs are typically reimbursable in the Veterans Facility Program provided they do not exceed 10 percent of total construction costs. The following examination of funding sources and costs will concentrate primarily on Montana's financial ability to support construction and operational costs for a new state home.

In this chapter, the cigarette tax will be outlined because of its past relationship with veterans and its present disposition into capital projects. Past arguments for additional state home beds have favored using cigarette tax revenue for financing, so similar arguments should be expected in 1989. After the Long Range Building Program is discussed, problems with reliance on any state funding will be examined. Additionally, operational funding sources and
costs will be outlined, concluding with a section on some employment assumptions.

CONSTRUCTION FINANCING

State Construction Funds

Typically, a state capital construction or maintenance project is eligible for Capital Projects funds from the Long Range Building Program.\(^1\) The major source of revenue to that fund is generated from the collection of taxes on the sale of cigarettes and other tobacco products.\(^2\) Previous arguments for additional state home beds have made the connection between funding the construction of those beds from the Capital Projects Fund because part of the cigarette tax has been collected for direct bonus payments to Montana's wartime veterans.

\(^1\) 17-5-405 MCA.

\(^2\) 16-11-119 MCA. Disposition of (cigarette) taxes - retirement of bonds. Currently, the law is amended to read that 79.75 percent of the tax will be deposited in the debt service fund to contribute to the retirement of long range building program bonds, and 20.25 percent of the proceeds will be deposited to the capital projects fund of the long range building program.
The Montana cigarette tax was first levied in 1947 as an excise tax of $.02 per pack of twenty. In the general election of 1950, Montana voters passed Initiative 54 that mandated a $.02 increase in the tax to allow the state to become indebted to pay honoraria to World War II veterans. The 32nd Legislature complied with the voters by amending the cigarette tax and creating a War Veterans' Compensation Fund (WVCF) for veterans' bonuses. The new law authorized cash disbursements to veterans who served from December 7, 1941, to August 7, 1945, inclusive. Each veteran who served outside the continental United States received a bonus of $15 per month, while all others received $10 per month.

In 1957, the Legislature passed a Korean honorarium, increasing cigarette tax revenue to the WVCF. The excise tax on cigarettes was concurrently increased, allowing for the state to collect a total of $.08 per pack of twenty. Of the tax, $.05 was deposited into the state general fund, $.02 deposited to retire the WW II honorarium fund, and $.01 to retire the new Korean honorarium. Eligible Korean war

3 En. Sec. 6, Ch. 289, L. 1947.
5 L. 1951, p. 781.
6 Amd. Sec 3, Ch. 18, L. 1957; amd. Sec 7, Ch. 44, L. 1957; amd. Sec 1, Ch. 222, L. 1957.
veterans received $15 or $10 per month, dependent upon their service within or away from the Korean stage. The dates of eligibility were also inclusive, from June 25, 1950, to October 16, 1953. The honorarium was also paid to injured, diseased, or otherwise hospitalized veterans in military care, and to prisoners of war.

In 1963, a Montana honorarium was created for surviving veterans of World War I.\(^7\) At the time, the Legislature determined that the amount involved was not enough to justify the increase of the cigarette tax. The $.03 collection per pack for veterans honorarium was progressing at sufficient rate for state lawmakers, and any further indebtedness in which the state would be obligated would be short-term. Therefore, revenue to the WVCF was not increased. State lawmakers decided in 1967 that, upon satisfaction of state bonds for veterans' bonuses, the $.03 per pack would continue to be collected to satisfy payment and retirement of Long Range Building Program (LRBP) bonds.\(^8\)

Diversion of funds from the WVCF into the LRBP began in 1971,\(^9\) when the cigarette tax was increased to $.09 per pack

\(^7\) Amd. Sec 1, Ch. 97, L. 1963; amd. Sec 6, Ch. 270, L. 1963.

\(^8\) Amd. Sec 5, Ch. 318, L. 1967.

\(^9\) Amd. Sec 4, Ch. 222, L 1971.
of twenty (Figure 2-1). Of that, $0.02 would still be collected for the WVCF until all bonus payments had been satisfied, and $0.01 would be collected for long range building program bonds. The state's indebtedness created by the WVCF was satisfied early in the 1970-1972 biennium.\textsuperscript{10}

The cigarette tax was once again increased in 1981 to $0.12 per pack of twenty. The law was amended to read at this time that 73 percent of the total proceeds would be deposited in the sinking fund of the LRBP debt account, while the remaining 27 percent would go to bond proceeds and insurance clearance of the LRBF.\textsuperscript{11} In 1983, the tax was increased to $0.16 per pack of twenty, with 79.75 percent to the sinking debt fund and 20.25 percent to bond proceeds and insurance clearance.\textsuperscript{12}

\textsuperscript{10}Montana State Board of Equalization Biennium Report for July 1, 1970, to June 30, 1972.

\textsuperscript{11}Amd. Sec 1, Ch. 267, L. 1981.

\textsuperscript{12}Amd. Sec 1, Ch. 608, L. 1983.
FIGURE 2-1
Use of Cigarette Tax Revenue

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8.5
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7.5
7
6.5
6
5.5
5
4.5
4
3.5
3
2.5
2
1.5
1
.5
1970-71-72-73-74-75-76-77-78-79-80-81-82-83-84-85-86

War Veterans' Compensation Fund
Long Range Bond Proceeds and Insurance Clearance
Long Range Sinking Debt Fund
State General Fund
Debt Service Account
Capital Projects Fund

Source: State Department of Revenue.
### TABLE 1
Annual Cigarette Tax Revenue 1970-1988

<table>
<thead>
<tr>
<th>Cigarette Tax Revenue</th>
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<tbody>
<tr>
<td>1970: $5,844,687</td>
<td>$.08</td>
</tr>
<tr>
<td>1971: $6,678,695</td>
<td>$.09</td>
</tr>
<tr>
<td>1972: $10,067,861</td>
<td></td>
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<tr>
<td>1973: $10,033,330</td>
<td></td>
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<tr>
<td>1974: $10,232,855</td>
<td></td>
</tr>
<tr>
<td>1975: $10,581,249</td>
<td></td>
</tr>
<tr>
<td>1976: $10,867,693</td>
<td></td>
</tr>
<tr>
<td>1977: $11,140,528</td>
<td></td>
</tr>
<tr>
<td>1978: $11,269,507</td>
<td></td>
</tr>
<tr>
<td>1979: $10,996,443</td>
<td></td>
</tr>
<tr>
<td>1980: $11,153,889</td>
<td></td>
</tr>
<tr>
<td>1981: $11,162,433</td>
<td>$.12</td>
</tr>
<tr>
<td>1982: $11,233,044</td>
<td></td>
</tr>
<tr>
<td>1983: $10,580,701</td>
<td>$.16</td>
</tr>
<tr>
<td>1984: $11,929,453*</td>
<td>$.24</td>
</tr>
<tr>
<td>1985: $12,984,626</td>
<td></td>
</tr>
<tr>
<td>1986: $12,469,883</td>
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*1984 figure adjusted downward from $12,652,027 because of discrepant overall figures reported in the 1984 and the 1985 revenue reports.

Source: State Department of Revenue.

In 1985, the tax was once again increased. For every pack of twenty sold, the state would collect $.24. The law was also amended to read that 33.33 percent of the proceeds would be deposited into the state general fund, 53.17 percent into debt service for the LRBP, and 13.5 percent into a LRBP fund for capital projects.\(^1\) Currently, the tax is still at the 1985 level, but the disposition of the

\(^1\)Amd. Sec 1, Ch 704, l. 1985. 16-11-119 MCA.
proceeds has again changed. The debt service fund of the LRBP receives 79.75 percent of the tax proceeds, while 20.25 percent is deposited to fund bonds for new capital projects.

Montana incurred a total $24.5 million indebtedness to the WVCF. Through bond sales guaranteed by the collection of cigarette taxes, the total debt was retired after twenty-three years. The relative security of constant cigarette tax revenue ensured the timely debt satisfaction. Since the demise of the WarVeterans Compensation Fund, Montana has collected an annual average of $11.1 million in cigarette taxes (1972-1986). Arguably, if the revenue to the WVCF had not been diverted from an exclusive benefit to Montana's veterans, the continued accumulation of funds could have financed the construction costs of a new state home. Further, costs of a new state home could be considerably less than the $24.5 million indebtedness the state previously incurred on behalf of veterans.

Montana Health Facility Loan Program

State law provides capital expenditure financing to public or private non-profit health care facilities, including nursing homes. Loan agreements can be made for movable

\[14\] 50-5-101 MCA.
and fixed equipment, and for general construction. The Health Facility Loan Program is a possible alternative or supplemental construction funding source, but is slated to end December 1988. However, the state has the ability to extend the program if it is perceived as financially sound and affordable.

**Competition for Construction Funds**

The Capital Projects Fund is expected to accrue approximately $7 million for the 1990-91 fiscal year, while state agency requests total $185.7 million. In the 1986-1988 biennium, the Schwinden administration has recommended that $14.5 million of the requests be granted. The Capital Projects Fund would be tapped for $6.2 million, and the remaining $8.3 million to be assumed in the form of federal funds and special fees.

The Schwinden administration is expected to propose that the state abandon the Capital Projects Fund and instead divert cigarette tax revenue to the general fund. Currently, the Capital Projects Fund is no longer adequate for maintenance of Montana's existing structures, much less new construction projects. Also, the sale of any new bonds for construction projects is highly unlikely. Currently, Montana's $99 million bond debt with annual payments of $9-$11 million
puts the state above a national per capita average, and any further indebtedness backed by the Capital Projects Fund could worsen an already precarious state credit rating.

There is an additional problem with any attempts to tap the Capital Projects Fund for construction money. Revenue from the collection of cigarette taxes is expected to decrease over the next two years. A total estimated 9 percent decrease in cigarette sales translates into less available money for the Capital Projects Fund, while requests for spending authority for capital and maintenance projects are not expected to decrease. Revenue forecasts for the entire state budget suggest maintaining a status quo on spending.

Paying for capital projects through general fund financing could possibly allow for more secure financing ventures, but the overall state budget has really not been in any better shape than the Capital Projects Fund as far as surplus revenue is concerned. With that uncertainty, total capital project requests are not guaranteed any increase in state expenditures from the general fund.

\[ \text{\textsuperscript{15}} \text{The Governor's Revenue Estimating Advisory Council, November, 1988.} \]

\[ \text{\textsuperscript{16}} \text{Ibid.} \]
State home proponents will have to compete against some strong lobbying efforts for those funds that are available for capital projects. The Montana University System and the units of the Department of Institutions have made the most requests to the Capital Projects Fund, so are expected to be convincing and very visible in their organized lobbying efforts.

In similar fashion, state home supporters must keep in mind that there are also formidable obstacles at the federal level for financing. During the 1988 federal fiscal year, the VA was authorized to expend $40 million in state home construction grants, while the list of requests totaled more than $160 million.17 The VA requested $42 million for FY89 for construction grants. If the Montana Legislature approves a proposal for a new state home, Montana would be put on the waiting list for an undetermined length of time, depending on the state's priority ranking.

**Construction Costs of a New State Home**

Generally, cost estimates for a new state home are based on a complex formula figuring in the number of beds for

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domiciliary and nursing care purposes and the number of square feet necessary per bed. For instance, each room will have a minimum allowable size. Additional square footage is then allowed for kitchen, laundry, cafeteria, laboratory, radiology service, janitorial service, and other services. The total construction costs can then either be based on a per bed basis or a per square foot basis.

Construction costs are estimated between $30,000 and $40,000 per bed, according to the Health Planning Division of the Department of Health and Environmental Sciences. The state share of construction costs for a new 100-bed facility, for example, would total $1.4 million at $40,000 per bed. The VA contribution would be $2.6 million.

Columbus Hospital of Great Falls, Montana, has submitted a Certificate of Need application to DHES for the construction of an 80-bed skilled nursing care home adjacent to the existing medical center. Similarly, Lantis of Montana, a Kalispell-based health care corporation, has submitted a Certificate of Need application for a new nursing home which would have 108 beds in Kalispell. Columbus Hospital is a

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non-profit organization while Lantis of Montana is profit-oriented.

The Columbus Hospital proposal estimates that cost per bed would average $31,320. The Lantis proposal estimates the average cost per bed at $28,925. These figures differ substantially from the DHES estimates for several reasons. First, the type of care available per bed can range from low cost personal care to high cost skilled nursing or acute care. Because equipment requirements are less in personal care, construction costs will invariably be lower.

Regardless of the number of personal care beds in a new state home proposal, DHES will recommend that most of the state home rooms be fully equipped to accommodate several future needs for veterans' long-term care. Second, VA design standards are different than Montana design standards, resulting in additional costs in state home construction. Third, since the state would be administering the construction of a new state home, labor costs would be elevated to meet contractual pay obligations of construction workers that are not necessarily applicable to the Columbus and Lantis proposals.

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19 Columbus Hospital CON application, Health and Marketing West, 1988, p.58.

20 Lantis of Montana CON application, Lantis of Montana, June 1988, p. 33.
If the Montana Legislature decides that the use of an existing structure is feasible for state home purposes, construction costs will depend on the previous use of that structure. If the facility formerly had medical purposes, then costs could be comparable to the Columbus and Lantis proposals. However, The VA does require that larger bedrooms be provided for state home care than those which are normally found in hospitals. According to the Architecture and Engineering Division of DHES, complete internal remodeling costs for renovation of an existing facility could be comparable to new construction costs.

OPERATIONAL FINANCING

Operational Funding Sources for a New State Home

Operations for a new state home in Montana would be funded through a mixture of VA per diem reimbursements, the state general fund, and third party contributions. The formula is similar to that of operational funding of the Montana Veterans Home in Columbia Falls. The full cost of nursing care for veterans in the Montana Veterans' Home is $52.60

21VA Regulations 6177, sec. 1, General Design Considerations.

per day as of March, 1988. Minus the VA contribution of $21.30 per day per veteran leaves a $31.30 cost to the state and third party contributions per day.

Primary funding for the MVH originates as matching funds from the VA on a per diem formula and from private third-party contributions, such as family support for the veteran client or from insurance, compensation, or a pension. The VA is authorized to contribute $20.35 per veteran per day for nursing and hospital care, and $8.70 per day per veteran for domiciliary care. The annual average VA contribution to the MVH for per diem costs range at approximately 30 percent, while third-party contributions satisfy about 40 percent. Historically, the state has treated third party contributions as accounting for 46 percent of MVH's revenue for operations.

General fund support to the MVH has been relatively stable in recent years. For FY84, the general fund was tapped for approximately $556,400 for MVH; $535,500 in FY85; $431,000 in FY86; $448,000 in FY87; and $542,000 in FY88.


Operating Costs for a New State Home

The total cost to operate the Columbia Falls MVH in FY88 was $2.2 million. Approximately $542,000 of state general funds, or about 30 percent of total operational funds, were expended through the Department of Institutions for this purpose. Of each of the programs receiving operating budgets in the Department of Institutions, the MVH is ranked near the bottom for impacts on the state general fund. While costs may be minimal in comparison, importance of the MVH is obscured when it has to compete with the other state institutions for limited resources, especially the State Prison at Deer Lodge and the State Hospital at Warm Springs.

Operating costs for a new state home would be comparable to those of the MVH on a per bed ratio. However, since the MVH was originally constructed in 1895, and has increased bed capacity twice in the last two decades, the central heating and cooling system is strained to capacity. Therefore, in

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27 The Legislative Fiscal Analyst estimates for the 1987 biennium indicated that the Montana Veteran's Home two-year general fund obligation was .68 percent of the total department general fund budget, or $879,374 out of $128,793,204. The Governor's estimates for the same period put the MVH at .86 percent, or $1,091,932 out of $126,770,757.
a new state home, utility and maintenance costs would predictably be lower than those at Columbia Falls.

TABLE 2

<table>
<thead>
<tr>
<th>Operating Revenue - Montana Veterans' Home FY88</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
</tr>
<tr>
<td>State Special Revenue</td>
</tr>
<tr>
<td>VA</td>
</tr>
<tr>
<td>3rd party</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Total Expenses - Montana Veterans' Home FY88

| Personnel Services            | $1,685,846 |
| Operating Expenses            | 502,095    |
| Equipment                      | 11,596     |
| Total                          | $2,199,537 |


Employment

Because personnel costs are the most expensive elements of state operations on an annual basis, an employment assessment will be provided as part of operating costs of a new state home. A comparison with the Columbia Falls Montana Veterans Home personnel costs is a reasonable source of cost projections. Further comparisons will be made to
the Columbus and Lantis proposals. However, pay rates for state employees are different than in the private sector. Additionally, part of this discussion will be devoted to problems in recruitment and retention in the health care sector.

The 150-bed Columbia Falls Veterans Home currently employs 81.30 full-time equivalent (FTE) employees. In order to comply with new VA domiciliary standards, the MVH maintains that 5.2 additional FTE are necessary. The 86.5 FTE figure covers all administrative, professional, contractual, and associated staff positions.

TABLE 3 lists the employment projections in the Columbus and Lantis CON applications. The information is provided to for comparative staffing assumptions among private sector nursing care and state-sponsored veteran's nursing care.

The types of employment opportunities that could be created from the operation of a new state home are listed in TABLE 4. The list is confined to medical and related professions and does not include jobs created by state home construction. Personnel costs for construction are included in the previously cited costs of construction per bed.
### TABLE 3
Nursing Care Staffing Projections - Great Falls & Kalispell

<table>
<thead>
<tr>
<th>Columbus Nursing Home Projected FTE's</th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered Nurse</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Licensed Practical Nurse</td>
<td>1.5</td>
<td>1.5</td>
<td>1.5</td>
</tr>
<tr>
<td>Dietary</td>
<td>13.5</td>
<td>19.0</td>
<td>23.75</td>
</tr>
<tr>
<td>Housekeeping/Laundry</td>
<td>3.0</td>
<td>5.0</td>
<td>6.0</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Medical Records</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Business Office</td>
<td>1.5</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Physical Therapist</td>
<td>0.5</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Occupational Therapist</td>
<td>1.5</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Physical Therapy Aide</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Occupational Therapy Aide</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Recreational Activities Therapy</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Patient Care Coordinator</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>31.5</td>
<td>41.0</td>
<td>49.75</td>
</tr>
</tbody>
</table>

Many services, such as physician care, pharmacy, and administration, can be shared with the services already available at the adjacent Columbus Hospital.

Lantis would provide administrative services and utilize existing medical contracts in the Kalispell area.

**Lantis Projected FTE's**

<table>
<thead>
<tr>
<th></th>
<th>60%</th>
<th>75%</th>
<th>90%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Occupancy</td>
<td>Occupancy</td>
<td>Occupancy</td>
</tr>
<tr>
<td>Registered Nurse</td>
<td>3.8</td>
<td>3.8</td>
<td>4.5</td>
</tr>
<tr>
<td>Licensed Practical Nurse</td>
<td>2.8</td>
<td>4.2</td>
<td>5.6</td>
</tr>
<tr>
<td>Aides</td>
<td>17.5</td>
<td>21.7</td>
<td>25.2</td>
</tr>
<tr>
<td>Dietary</td>
<td>4.7</td>
<td>5.9</td>
<td>7.1</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>2.4</td>
<td>3.0</td>
<td>3.6</td>
</tr>
<tr>
<td>Laundry</td>
<td>1.5</td>
<td>1.7</td>
<td>2.1</td>
</tr>
<tr>
<td>Maintenance</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Business Office</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Activities</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Social Services</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36.8</td>
<td>44.4</td>
<td>52.2</td>
</tr>
</tbody>
</table>

Source: Health and Marketing West, 1988 (Columbus proposal); Lantis of Montana, 1988 (Lantis proposal for Kalispell).
TABLE 4

Employment Projections for a New State Home

<table>
<thead>
<tr>
<th>Operational Employment</th>
<th>Possible FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>1 - 3</td>
</tr>
<tr>
<td>Physician services*</td>
<td>varies</td>
</tr>
<tr>
<td>Dental services**</td>
<td>0 - 1</td>
</tr>
<tr>
<td>Nursing services***</td>
<td></td>
</tr>
<tr>
<td>Registered nurses</td>
<td>4 - 6</td>
</tr>
<tr>
<td>Licensed practical nurses</td>
<td>5 - 7</td>
</tr>
<tr>
<td>Aides/orderlies</td>
<td>15 - 20</td>
</tr>
<tr>
<td>Pharmacy services</td>
<td>.5 - 1</td>
</tr>
<tr>
<td>Clinical lab services</td>
<td>varies</td>
</tr>
<tr>
<td>Dietary services</td>
<td>1 - 2</td>
</tr>
<tr>
<td>Radiology</td>
<td>varies</td>
</tr>
<tr>
<td>Rehabilitation services</td>
<td></td>
</tr>
<tr>
<td>Physical therapy</td>
<td>1 - 2</td>
</tr>
<tr>
<td>Occupational therapy</td>
<td>1 - 2</td>
</tr>
<tr>
<td>Recreational therapy</td>
<td>1 - 2</td>
</tr>
<tr>
<td>Social services</td>
<td>1 - 4</td>
</tr>
<tr>
<td>Medical records/clerical</td>
<td>1 - 4</td>
</tr>
<tr>
<td>Housekeeping/laundry</td>
<td>6 - 10</td>
</tr>
<tr>
<td>Food service/Dietary</td>
<td>10 - 12</td>
</tr>
<tr>
<td>Custodial</td>
<td>5 - 7</td>
</tr>
</tbody>
</table>

*Each veteran must receive physician care at least once every 60 days.

**The Columbia Falls Home has resident dental care, but it is not a state or federal requirement.

***The lower FTE possibilities reflect absolute state minimums for a facility up to 100-bed capacity (16.32.361 Administrative Rules of Montana). However, the state recognizes these minimum numbers are dangerously close to an unacceptable level of care and safety. Any proposals over a 100-bed capacity will receive individual attention.

FTE's are based on existing MVH services and health facility standards as outlined in VA regulations and the Administrative Rules of Montana.

Since the state's overall financial responsibility to state home operations would approximate 30 percent, many personnel
costs would be absorbed through VA reimbursements and third party contributions.

At the present, the state has projected a high growth in health care sector employment. Even beyond consideration of a new state home, there is an expected growth of professional nursing jobs throughout the state. In fact, the Montana Department of Labor and Industry projects that in all specific jobs experiencing growth, registered nurse openings will overwhelm all other job titles. Between 1988 and the year 2000, there will be a need for 2,967 registered nurses. For the same period, cashier openings will total 2082, or the second highest growth. Nurse aides are 9th on the list with 1,111 projected openings, while licensed practical nurses are 22nd with 460 projected openings.28

While it is positive that there are more nursing jobs becoming available, there is a national problem with recruiting and retaining professional nursing services. Simply put, registered and licensed practical nurses are hard to find. A main reason for the high growth in the nursing field can be attributed to the extreme lack of nurses willing to relocate, especially in states like

28 Workforce To The Year 2000: Opportunities and Challenges, Montana Department of Labor and Industry, August 1988, p.38.
Montana where pay incentives rarely exist. However, because of the pay differential, the state would predictably have less problems recruiting nurses than the private sector.

**SUMMARY**

Even with the wishes of the 1987 Legislature that new state projects be housed in existing state facilities, either new construction or a site renovation would actually be a bargain to Montana. For a new 100-bed state home, construction costs to the state would approximate $1.4 million if the $40,000 per bed figure is used. Additionally, a general fund commitment of about $500,000 annually should adequately cover operating costs if costs can be assumed to be comparable to those of the Columbia Falls Montana Veterans' Home.

Governor Schwinder's office has indicated the desire to cap any bonds sales for Capital Fund financing. The state may decide that bonds cannot be issued for new state home construction; but at a cost of $1.4 million, the obligation would be inexpensive in terms of overall debt and the relatively short payback schedule. Because of the amount, the state could also consider payment of the 35 percent construction costs directly from the Capital Project Fund, rather than bond financing.
If the state does proceed with new construction or site renovation, staffing may be a serious threat in terms of operational costs and necessary occupancy levels. A site location in rural eastern Montana will only exacerbate recruitment and retention problems with professional nurses. Lack of adequate nursing plagues most of the national health care sector. The problem could be mitigated in a new state home by development of an incentive plan, such as cash bonuses or increased starting wages. This would cause panic in Montana's financially-strained private health care sector, but may also encourage what nurses see as necessary: a movement towards adequate incentive programs in the private sector.
CHAPTER THREE - NEED FOR A NEW STATE HOME

In this chapter, the question of need for additional state home beds will be examined. State lawmakers must first be convinced that there is a need for more beds before they proceed with any other aspect of a new state home. Veterans, characteristic of the American population, are living longer. As a population ages, the need for more health care options increases. Any legal decision that obligates the state financially should be based on a proven need.

Information on Montana's two VA Medical Centers will be presented before a discussion on how the state determines need for long-term care beds. Next to be presented is a survey of eastern Montana veterans that was completed in June, 1988, with implications of the survey results. Finally, some concluding remarks on the concept of need will be examined.

Of Montana's approximately 107,000 veterans, more than one-half served during World War II and the Korean conflict, and almost one-third were over the age of 60 in 1985.\footnote{Montana Veterans' Home Fact Sheet, March, 1988.} This is an indication that many are nearing the age where specific
health care options are serious considerations. Veterans’ groups and VA medical officials support the claim that more options for long term care are more readily available in state home care rather than in other types of nursing homes. Montana currently has 150 beds in the Columbia Falls Veterans Home in northwestern Montana. Presently, 90 of the beds are licensed as skilled nursing beds, and the other 60 are licensed for domiciliary use. According to the VA prescribed bed-to-veteran ratio of 2.5 per 1000 as described in Chapter One, Montana is eligible to create 117.5 additional state home beds, for a statewide total of 267.5.

While state lawmakers discuss any proposal to construct and operate a new state home, they must first decide that one is necessary. In light of previous legislative wishes to maximize use of existing structures, lawmakers have the choice of renovation of an existing structure, or of construction from the ground up. The third option, of course, is no action at all.

In eastern Montana, there are few, if any, buildings suitable for renovation to a state home. Previous proposals for state home beds have been offered for Twin Bridges and Galen, both in western Montana. While a new state home would operate for all Montana’s veterans, the distance eastern Montana veterans have to travel for state home care
in western Montana may be a prohibitive factor. Although this discussion is dedicated to the necessity of a new state home in eastern Montana, state lawmakers may chose to examine the issue from a statewide perspective.

MONTANA VA MEDICAL CENTERS

Montana has two VA Medical Centers - the Fort Harrison facility near Helena and another in Miles City. Fort Harrison's primary service area (PSA) in Montana consists of west and central Montana, while Miles City's PSA covers eastern Montana (FIGURE 3-1). In addition, each hospital's PSA extends into neighboring states. There are 75,460 veterans in the Fort Harrison PSA and approximately 40,000 in the Miles City PSA.

Each hospital contracts with private and community nursing homes for referrals of veterans needing such care after hospital care is no longer necessary. Both hospitals refer veterans to nursing homes (TABLE 5), so could possibly experience some relief in locating a desirable location for veterans if a new home were constructed in the state. However, the majority of nursing care referrals each hospital makes are under six-month contracts where the VA will reimburse private or community nursing homes up to six months. The majority of veterans qualifying for care at a
state home are usually placed on an indefinite contract where VA reimbursement ends when care at the state home ceases. While many six-month contract referrals request MVH placement after discharge from Fort Harrison, it is common for them to have to wait two or more months. Since a wait proves to be a burden on the veteran and his family, available private care is usually chosen.

**TABLE 5**

Nursing Care Referrals from Montana VA Medical Centers

<table>
<thead>
<tr>
<th></th>
<th>FY84</th>
<th>FY85</th>
<th>FY86</th>
<th>FY87</th>
<th>FY88</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fort Harrison</td>
<td>92</td>
<td>109</td>
<td>88</td>
<td>138</td>
<td>137*</td>
<td>564**</td>
</tr>
<tr>
<td>Miles City</td>
<td>59</td>
<td>63</td>
<td>61</td>
<td>56</td>
<td>60</td>
<td>299***</td>
</tr>
</tbody>
</table>

*Excludes final month of fiscal year.

** An estimated 95 percent of these referrals remained in the private nursing home after release from the VA six month nursing care contract. It is also estimated that most of those remaining in private care will receive some Medicaid assistance.

***While most of these referrals are also on six-month contracts, based on a smaller sample size, an estimated 62 percent will remain in private nursing care with Medicaid assistance after VA assistance expires.

Source: Jim Armstrong, M.S.W., Chief, Social Work, Fort Harrison VA Hospital; and, Marielaine Hegel, M.S.W., Acting Chief, Social Work, Miles City VA Hospital.

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FIGURE 3-1

Fort Harrison and Miles City VA Medical Center Primary Service Areas in Montana

Fort Harrison PSA
Miles City PSA
The Social Work Service Chiefs from each VA Medical Center indicated that they would be in favor of additional veterans' nursing beds in eastern Montana. When making referrals to nursing homes, Fort Harrison considers the Montana Veterans' Home in Columbia Falls the optimal choice for placement. Because of the health care options available to veterans at MVH, VA officials believe that veterans are receiving the best nursing care available at the best cost. Most nursing homes do not have the same types of services or same degree of services that are available at MVH. Therefore, a new state home in eastern Montana could potentially alleviate the lack of specific care options available to Montana veterans, rather than waiting for bed availability at MVH.

In Miles City VA Medical Center, the Acting Chief of Social Work does have some difficulty in finding available nursing care beds for veterans in areas with higher populations. The MCVA Nursing Care Unit operates at 99-100 percent occupancy, indicating a definite problem with meeting veterans' needs. She also feels the availability of domiciliary beds in eastern Montana would be a welcome option for veterans not needing nursing care, but in definite need of a supervised living situation.
Both VA administrators voiced concern over the affordability of nursing home care to veterans. Since many veterans have spouses dependent upon their income, private care placement often means that the spouse not receiving care lives with very few means. If the veteran in private care is making too much to qualify for Medicaid, then he usually spends what income there is on his private care and trying to provide shelter and the basics for his spouse. Once any resources are depleted because of medical costs, then the veteran may become eligible for Medicaid assistance. However, Medicaid will not help cover the living expenses of the spouse not receiving care.

STATE NURSING AND LONG-TERM CARE

The State of Montana classifies all long-term care facilities by the county in which they are located. The counties are then grouped into five statewide Regions (FIGURE 3-2). A needs assessment for a new state home in eastern Montana must include documentation of availability of nursing care in the eastern half of the state, and why or why not that availability is adequate for nursing and domiciliary care for veterans. A new state home would
provide services exclusive to veterans and, space permitting, their spouses.²

A comparison between long-term care for veterans and for the general population is necessary for one primary reason. State lawmakers are expected to make the connection between veteran's long-term care needs and the existing availability of beds. If lawmakers are convinced that veterans can utilize existing facilities without the state expanding its operations, then reluctance and resistance to constructing a new state home can be expected.³

² 10-2-400 MCA.

³ At one time, the State did authorize the use of a State-operated facility for geriatric nursing care at the Eastmont Training Center in eastern Montana. Unfortunately, the low occupancy rate could not justify its continued operations, so was reverted to other health care uses.
FIGURE 3-2
State Health Planning Regions

Region I
Region II
Region III
Region IV
Region V

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Statewide, there are 6,353 licensed, long-term care beds. For purposes of this discussion, eastern Montana will include Regions I, II, and III. TABLE 6 lists the breakdown of bed availability for 1987 and 1988, occupancy rates, and projected bed need per Region and statewide.

TABLE 6
Regional Occupancy Rates and Projected Bed Need

<table>
<thead>
<tr>
<th>Region</th>
<th>1987 Beds</th>
<th>1988 Beds</th>
<th>Occupancy Rate</th>
<th>Bed Need</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region I</td>
<td>995</td>
<td>1,010</td>
<td>93.4%</td>
<td>1,128 (+118)</td>
</tr>
<tr>
<td>Region II</td>
<td>1,181</td>
<td>1,193</td>
<td>90.9%</td>
<td>1,250 (+57)</td>
</tr>
<tr>
<td>Region III</td>
<td>1,113</td>
<td>1,243</td>
<td>98.2%</td>
<td>1,312 (+69)</td>
</tr>
<tr>
<td>Region IV</td>
<td>1,444</td>
<td>1,483</td>
<td>89.5%</td>
<td>1,513 (+30)</td>
</tr>
<tr>
<td>Region V</td>
<td>1,412</td>
<td>1,424</td>
<td>91.9%</td>
<td>1,508 (+84)</td>
</tr>
<tr>
<td>State Total</td>
<td>6,145</td>
<td>6,353</td>
<td>92.5%</td>
<td>6,711 (+358)</td>
</tr>
</tbody>
</table>


The Regional and state total figures for DHES nursing care data in TABLE 6 are less indicative of bed need in more specific geographic areas. For example, three communities in Region I have average occupancy rates above 100 percent, two communities in Region II, and two more in Region III. An additional fourteen communities in the three Regions have average annual occupancy rates of 95 percent or above. There are a total of thirty-nine communities in the three eastern Regions listed with DHES as offering nursing care services.

DHES bases bed need projection on the most recent three year average patient days. Growth potential is determined by an 85 percent average occupancy rate that allows for reasonable expansion. The growth factor is increased by 5 percent if the average annual occupancy exceeds 95 percent. After determining bed use rates, the resulting average daily census (ADC) per community is divided by the occupancy factor (.85, or .90 in communities where occupancy exceeds 95 percent) for reasonable growth, resulting in a number of beds necessary to serve a current three-year ADC. DHES has determined that an additional 244 nursing care beds are necessary to support the expected nursing care needs of
communities in Regions I, II, and III. In comparison, DHES projects statewide need of 358 new beds.\(^5\)

It is not known how many Montanans needing long-term care may be veterans. It should therefore be determined to what extent need for new state home beds could overlap need for new nursing beds available to the general public. Any mixture of bed need determination for veterans in particular and Montanans in general could possibly decrease the overall bed need as outlined by DHES.

When data from the VA Medical Centers is paired with DHES information, additional beds may be necessary to accommodate VA placement problems and help alleviate a bed need for all Montanans desiring such care.

**EASTERN MONTANA VETERAN SURVEY**

A telephone survey of veterans living in eastern Montana was conducted from June 9 through 14, 1988. The survey instrument was designed to gauge veteran opinions about the need for a new state home in eastern Montana and its potential projected future use. The instrument was largely

\(^5\) Department of Health and Environmental Sciences, Health Planning Division, 1988. The information updates the 1986 Montana Health Data Book and Medical Facilities Inventory.
derived from a similar, yet much more extensive national study conducted for the Veterans Administration in 1984, to which comparisons will be made. Several questions in the eastern Montana survey were tailored for relevency to Montana.

A copy of the questionnaire with final results is found in APPENDIX A. For purposes of the survey, eastern Montana consists of all the counties east of, and including: Blaine, Fergus, Golden Valley, Stillwater, and Carbon (FIGURE 3-3). TABLE 7 outlines the veteran population of each relevant county and its percentage of eastern Montana's veteran population.

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### TABLE 7

**Eastern Montana Veteran Population by County**

<table>
<thead>
<tr>
<th>County</th>
<th>Veteran Pop</th>
<th>% of Eastern MT Vet Pop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Horn</td>
<td>1160</td>
<td>3.30</td>
</tr>
<tr>
<td>Blaine</td>
<td>720</td>
<td>2.05</td>
</tr>
<tr>
<td>Carbon</td>
<td>1060</td>
<td>2.91</td>
</tr>
<tr>
<td>Carter</td>
<td>190</td>
<td>0.54</td>
</tr>
<tr>
<td>Custer</td>
<td>1670</td>
<td>4.76</td>
</tr>
<tr>
<td>Daniels</td>
<td>310</td>
<td>0.88</td>
</tr>
<tr>
<td>Dawson</td>
<td>1470</td>
<td>4.19</td>
</tr>
<tr>
<td>Fallon</td>
<td>470</td>
<td>1.34</td>
</tr>
<tr>
<td>Fergus</td>
<td>1600</td>
<td>4.56</td>
</tr>
<tr>
<td>Garfield</td>
<td>170</td>
<td>0.48</td>
</tr>
<tr>
<td>Golden Valley</td>
<td>40</td>
<td>0.11</td>
</tr>
<tr>
<td>McCone</td>
<td>310</td>
<td>0.88</td>
</tr>
<tr>
<td>Musselshell</td>
<td>620</td>
<td>1.77</td>
</tr>
<tr>
<td>Petroleum</td>
<td>90</td>
<td>0.25</td>
</tr>
<tr>
<td>Phillips</td>
<td>710</td>
<td>2.02</td>
</tr>
<tr>
<td>Powder River</td>
<td>220</td>
<td>0.63</td>
</tr>
<tr>
<td>Prairie</td>
<td>210</td>
<td>0.60</td>
</tr>
<tr>
<td>Richland</td>
<td>1490</td>
<td>4.25</td>
</tr>
<tr>
<td>Roosevelt</td>
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<td>4.53</td>
</tr>
<tr>
<td>Rosebud</td>
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<td>4.59</td>
</tr>
<tr>
<td>Sheridan</td>
<td>580</td>
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<tr>
<td>Stillwater</td>
<td>820</td>
<td>2.34</td>
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<tr>
<td>Treasure</td>
<td>140</td>
<td>0.40</td>
</tr>
<tr>
<td>Valley</td>
<td>1200</td>
<td>3.42</td>
</tr>
<tr>
<td>Wibaux</td>
<td>140</td>
<td>0.40</td>
</tr>
<tr>
<td><strong>Yellowstone</strong></td>
<td><strong>16,530</strong></td>
<td><strong>47.12</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>35,080</strong></td>
<td><strong>99.97%</strong></td>
</tr>
</tbody>
</table>

*Source: Veterans Administration, March 1987 estimates.*
Survey Methodology

There were a total of 262 successful interviews completed in 16 of 26 counties (Figure 3-4). The veterans' county residence were determined by telephone number prefixes. It is unknown whether most respondents were rural or town residents in each telephone service area. A sample of 384 veterans was determined by a random generation of phone numbers from a list of approximately 1400 eastern Montana veterans. The telephone numbers, but not the names, of potential respondents were then provided to volunteer interviewers, most of whom were veterans. Since veterans were interviewing veterans, the danger of losing neutrality or objectivity in the results was present.

Unfortunately, since only a few of the total number of veteran's groups were the providers of the 1400 names, the list was not completely representative of all eastern Montana veterans. Also, there is a substantial number of homeless veterans who could qualify for care in a new state home, but could not be included in a telephone survey. Yet, because of the relative homogeneity of the sample population, it is maintained that any number over the 384

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7 Burges, Facts and Figures 32 (1976). A population sample of 384 would result in a survey confidence level of 95 percent with a margin of error of ±5 percent.
would not have resulted in measureable differences in the survey results. A test of the individual response frequency distribution indicated that the individual response margin of error ranged from +3.94 to +.32 with a confidence level of 95 percent. This further validates the claim that the homogeneity of the sample population may have influenced the survey results.

In addition to 262 successful interviews, there were 27 contacts who refused to participate in the survey for no apparent reason, seven refusals because of health-related reasons, two contacts where the veteran of the household were deceased, seven contacts where the veteran of the household was unavailable and the spouse was unwilling to participate, and, 79 telephone numbers where the number now belongs to a non-veteran, or was disconnected, or there was no answer after repeated attempts over the duration of the survey period. Therefore, the total number of successful responses is 122 less than the total number of all potential respondents from the random generation of telephone numbers of the sample population.

Survey Responses

The average veteran age in the survey was 60.5 years. Ages of respondents ranged from 25 to 94. The Harris survey
confined its study to veterans aged 55 or older. The average age of eastern Montana veterans who were 55 or older was 66.2 years. Incidentally, 200 of the 262 respondents (76.33 percent) were 55 or older. On a per capita basis, eastern Montana veterans are older than their western Montana counterparts. In fact, the Bitterroot Valley in western Montana is noted for one of the highest per capita concentrations of Vietnam era veterans in the nation.

When asked about their current employment status, 133 (50.76 percent) respondents indicated that they were currently employed full-time or part-time, 93 (35.5 percent) were fully retired, and 28 (10.69 percent) were retired, but still working. In the VA survey, 41 percent of the respondents were employed at some capacity, 42 percent were fully retired, and 6 percent were retired but still working. If the eastern Montana study had been confined to veterans 55 years and older, the Montana numbers would be comparable to the national numbers.

The length of time respondents served on active duty in the Armed Forces predominantly ranged from two to twenty years (167 or 63.74 percent). In the VA study, 69 percent of the respondents served more than two but less than twenty years.
Of the 262 successful interviews, 69 (26.33 percent) had applied for service-connected disability compensation, 52 of those claims having been allowed. In the VA study, 26 percent of the respondents applied for service-connected disability compensation. Veterans with service-connected disabilities receive priority for VA and state home health care.

Each veteran was asked to compare his health status to that of his respective age group. The majority of the respondents felt their health was either excellent or good (77 or 29.39 percent excellent, and 99 or 37.79 percent good). For the remainder of the respondents, 69 (26.34 percent) stated that their health status was fair, and only 15 (5.73 percent) felt that they were in poor health. Correspondingly, the national study indicated that 22 percent were in excellent health, 39 percent in good health, 25 percent in poor health, and 14 percent in poor health. Generally, eastern Montana veterans are a relatively healthy group.

The respondents were asked a series of questions concerning the types and locations of medical treatment they had received in the previous twelve months. Less than 20 percent of the respondents had been an overnight patient in a hospital in the previous twelve months, compared to 22
percent on the national scale. Eastern Montana veterans were not asked about their use of a VA hospital, but nationally, usage was extremely low. Since being released from active duty, only 21 percent of veterans nationally ever stayed overnight or longer in a VA hospital, while only 3 percent had been admitted to a VA hospital in the last year.

Respondents were also asked if they had been a patient in a nursing home, convalescent home, or similar place in the previous twelve months. The results indicated that 8 (3 percent) answered in the affirmative, while on the national level, less than .5 percent gave a positive response. In comparison, Montana’s higher usage rate may indicate more of a need for a new state home in contrast to the veterans’ ratings of their own health status.

Since location of the facility is an issue, relationships between health care and distance of that care was established. In the study, 127 (48.47 percent) had to travel ten miles or less for regular or routine care, and 164 (62.6 percent) had to travel ten miles or less for emergency care. Evidently, the majority of the respondents were located in or near what could be considered a population center where at least basic services could be obtained. On the other hand, 50 (19 percent) respondents
had to travel beyond one hundred miles for routine care, and only 17 (6.5 percent) had to travel beyond one hundred miles for emergency care. The closest comparison that could be made with the national figures was travel for care at a VA facility. Nationally, 22 percent of veterans reside within ten miles of a VA hospital, and only 7 percent travel beyond one hundred miles for care at a VA hospital.

Interestingly, however, when asked if distance to medical care is so far that the respondent goes without medical attention, 232 (88.89 percent) said distance was not a prohibitive factor in obtaining medical attention. Only 23 (8.81 percent) indicated that distance did prevent seeking medical care. The response to this question is not surprising for eastern Montana because residents are typically accustomed to travelling long distances for many types of activities. This discussion is relative to veterans' use of a new state home because future users could now reside further than any regional divisions.

It was also determined to what extent veterans were covered by medical insurance of some type. Historically, 46 percent of operational funding at the Columbia Falls Montana Veterans Home originates as insurance, compensation, pensions, or family contributions. Three out of every four respondents (197 or 75.19 percent) indicated that they were
covered by Medicare or some other type of insurance. Many respondents (101 or 38.55 percent) stated that they were eligible for free medical care from VA health facilities, while a somewhat larger group (120 or 45.8 percent) stated that they were not eligible. Nearly 80 percent of the respondents in the national survey indicated that they were covered by Medicare or private insurance.

Respondents were asked if they were aware of the existence of a state home in Columbia Falls in western Montana. A large number (181 or 69 percent) were aware of the home, mostly because of the several attempts being made to place a new home in eastern Montana. A few did indicate personal experience with the Columbia Falls Home.

Finally, veterans were directly asked if they felt there was a need for a new state home for veterans in eastern Montana. As was expected, veterans were generally supportive (226 or 80.26) and said there was a need.

Likert Scales

Results of Likert scale measurements to veterans' attitudes toward their own future and to nursing homes were analyzed. In the first area, veterans' expectations of their future prospects in regard to retirement, health, and survivor's
security were posed. The respondents were asked to assess their prospects as being (1) good, (2) fair, and (3) poor. The point value frequency distribution indicated a level of optimism, with the mean value being 1.74.

The second Likert scale measures a general impression of nursing homes by asking the respondent to indicate agreement or disagreement on a series of statements. There were three positive and three negative statements about nursing homes. The analysis grouped the responses and reversed the scoring for negative statements so that a score of (1) indicates a favorable impression and a score of (2) indicates a negative impression. Overall, the responses indicated a general atmosphere of ambivalence toward nursing homes. The mean was 1.4934, placing the rating almost exactly in the middle of the positive to negative continuum.

Survey Implications

Overall, some distinctions between eastern Montana's veterans and the national veteran population can be made. First, the eastern Montana veteran is older than the veterans nationally. Second, even though they are older, the veterans of eastern Montana feel that they are in better health than veterans across the country have reported. One translation is that the peak use for a new state home would
be extended compared to a more immediate need at the national level. Third, eastern Montana veterans have a relatively optimistic attitude about their future. This, in turn, indicates a measureable quality of living standard in Montana that ranks above the national average.

Another way of viewing the survey is, if eastern Montana veterans feel relatively healthy and are ambivalent about nursing homes in general, then projections for future state home use may be less than state home proponents anticipate. This view is further compounded by the fact that the overwhelming majority of eastern Montana veteran survey respondents are, once again, at ages where serious considerations to health care are typically expected to be major concerns.

SUMMARY

The discussion about need will receive the majority of attention during the 1989 state home legislative deliberations. What is safe to assume here is that there is a need for additional nursing beds in the state for the general population. It will be up to lawmakers to decide if promotion of private sector expansion will be sufficient to meet nursing care needs in Montana. If those needs are expected to be taken care of in the private sector, will
they be sufficient to meet the perceived needs for veterans specifically? Representatives of private nursing facilities will say yes. Veterans' groups will say no.

The expected occupancy rates of such a facility for veterans will be influential in any decision for its construction. The MVH has a high occupancy rate, resulting in successful additions to the original capacity. If a new state home could guarantee a similar occupancy rate in eastern Montana, then chances of its operational success increase. However, if eastern Montana veterans are truly ambivalent about nursing care and are relatively healthy, then there should be an expected skepticism from lawmakers. If a new state home is actually necessary to accommodate a growing need for veterans' health care, then merits of the proposal may be convincing. However, if an actual need cannot be proven, then chances of new state home construction may decrease.
Proponents and opponents to the construction of a new state home in eastern Montana, or anywhere in Montana, will be "locking horns" during the 1989 Legislature. Factors such as benefits to veterans, low cost to the state, and local economic stimulation may add powerful support to state home promotion. However, the state government's financial situation may dictate terms of actual state home affordability, not an encouraging prospect to supporters. Moreover, if communities compete with each other over site selection, any lack of a cooperative effort on behalf of all eastern Montana may harm a state home proposal more than any organized opposition.

Opposition to a new state home is expected from the Montana Health Care Association and from fiscally conservative elements in the Legislature opposing any new Capital Project Fund construction projects or perceived expansion of state bureaucracy. A powerful lobbying effort is expected from state veteran groups and several communities attempting to add to local economic revitalization. The arguments will be reviewed in this chapter.

Finally, a recommendation based on the opponent and proponent arguments and the research and findings of this
The report is submitted. The recommendation is developed as a statement indicating whether or not the state should proceed with investigations into the feasibility of constructing and operating a new state home in eastern Montana.

OPPOSITION

Montana Health Care Association

Representatives of private nursing care have expressed the need for reassurance that a new state home will have minimal impact on their operations. Two main areas of concern exist. First, will a new state home, operated by the state, unfairly cut into the market areas of existing facilities? Second, will a new state home draw from the existing health care workforce?

If the legislature determines that there is need for a new state home in eastern Montana, opposition can be expected from the Montana Health Care Association, formerly known as the Montana Nursing Home Association. Representatives of the Association actively sought to block the 50 bed expansion of the Montana Veterans Home in 1981, authorized by the 47th Legislature. Through administrative hearings and an appeals process, the expansion was only delayed. One of the main sources of contention by the MHCA questioned
whether the certificate of need filed by the Department of Institutions supported an actual need for more beds.

Presently, the MHCA objects to the VA/state funding mechanism that results in preferential financial treatment for the state government. It is considered unfair competition in the nursing home business when construction and operation costs become dependent on taxpayer subsidization. In turn, taxpayers are helping pay nursing costs for veterans in a state home, a service not available to the general public.

Another major concern to the MHCA in the legislative discussions of a new state home in eastern Montana is the potential impact on existing local facilities and their staffing. First, local nursing homes are fearing the loss of VA placement contracts from VA hospitals. Second, private nursing home administrators feel that they would either have to raise staff wages and cause greater strain on their budgets, or lose staff to a new state home where pay and benefits are predictably better.

If projections for the increase in the aging veteran population are accurate, a new state home may not cause a decrease in VA hospital contract care referrals. In 1987, 18,300 Montana veterans were over 65 years of age. In 1990,
24,100 Montana veterans are expected to be over 65; 30,800 over 65 by the year 2000.\textsuperscript{1} At this growth rate, the need for state home beds will make the 2.5 beds for every 1000 veterans an obsolete ratio. If the general population ages at a similar rate, the need for long-term care will certainly strain the private sector's present capacity to furnish such care.

If a new state home is constructed in eastern Montana, there may be a short term decrease in VA contract referrals to private nursing homes. However, should a new state home operate at a high occupancy rate, then contract referrals should reach former levels. There is, however, another side to MHCA's argument against a new state home. Those veterans who are eligible for VA assistance in private nursing care are financial prizes to private care givers. For example, VA-assisted veterans will be charged $66 per day in the first year of operation according to the Columbus Hospital CUN application for nursing home beds in Great Falls.\textsuperscript{2} Social Security reports that private nursing care for

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\footnotesize
\textsuperscript{1} "The Aging Veteran," American Legion National Public Relations Division, 1987.
\end{flushleft}

\begin{flushleft}
\footnotesize
\textsuperscript{2} Columbus Hospital Certificate of Need Application, 1988, p.45.
\end{flushleft}
Montanans average $65 per day.\textsuperscript{3} At the Montana Veterans' Home, veterans are charged $52.60 per day for nursing care and $30.34 per day for domiciliary care.\textsuperscript{4} Clearly, construction of a new state home in eastern Montana will have an adverse impact on the expected revenue of private nursing homes who presently contract with the VA.

Additionally, the MHCA maintains that care at a state home is more costly than nursing care found in the private sector, thus potentially inflating health care costs. The argument is based on the fact that state home beds, at the higher estimate, cost approximately $10,000 more each in construction costs than at the private level. Furthermore, the 150-bed MVH annual operating costs potentially exceed private care annual costs. Based on the Lantis and Columbus Hospital proposals to construct additional nursing homes in Montana, operating costs may actually be comparable. For its 108-bed proposal, Lantis of Kalispell projects operations to cost $1.4 million for year one, $1.64 million for year two, and $1.75 million for year three. Columbus Hospital's 80-bed home is estimated to operate at $1 million in its first year, $1.28 million in the second, and $1.45

\textsuperscript{3} "Speaker Warns of Costs of Long-term Health Care," by Patricia Sullivan, Missoulian Business Editor, Missoulian, October 24, 1988.

\textsuperscript{4} Montana Veterans' Home Factsheet, March 1988.
million in the third. For the past three years, the 150-bed MVH has incurred operational costs of $1.7 million, $1.8 million, and $2.2 million, respectively.

Overall, MHCA is convinced that the optimal solution for meeting veterans' long-term care needs would be an extension of the present contract system with private nursing homes. The recommendation from MHCA is for the VA and the state government to arrange with existing facilities to place veterans in the home of their (veterans) choice. Presumably, a veteran would prefer to be placed in a nursing home in or near the community in which he resides, similar to the wishes of any other person faced with this decision.

**Staffing Problems - Existing Nursing Care**

Concerns of losing staff or having to increase wages if a new state home is constructed are legitimate for private nursing home administrators. After a lengthy study commissioned by the VA, the VA has requested authority from Congress to provide incentive pay in order to increase nurse retention. The program would not extend to state homes, but is an indication that measures to enhance recruitment and retention are necessary. State pay scales are less than federal pay scales, especially in health care. However,
private health care pay is typically less than the state scale.

Indeed, the possibility of drawing nurses from private care givers to a state home exists because of expected wage differences. It would then be incumbent on private care administrators to minimize wage gaps between the state pay plan and their own. As previously mentioned, Montana's health care sector is already financially strained, so may not be in the position to increase nurses' wages. On the other hand, if private sector wages can be increased, the community may become an attractive place for relocation of a new nursing labor market. Unfortunately, pay increases are usually felt at the client level through increased costs for care.

Medicaid Income - Existing Facilities

Because most veterans receiving care in a state home qualify for VA per diem reimbursements, the combination of VA and third party contributions usually elevates the veterans' income above the threshold for Medicaid qualification. Medicaid payments are made on behalf of a large share of Montana nursing home clientele. If veterans who are on Medicaid and receiving nursing care qualify for placement in
a new state home, nursing home administrators would have to deal with a potential loss of income.

Legislative Opposition

The 1987 Legislature indicated that the state should not start any new major structure construction projects and instead utilize existing structures. If there is a structure in eastern Montana that can be renovated for state home use, a cost analysis should indicate if any savings can be obtained over new structure construction. If not, and legislators remain adamant about new state construction projects, state home supporters will need to convince legislators to reverse the intent of the last session.

Governor Schwinden is expected to recommend that no new Capital Project Fund projects be financed through bond sales until the state can regain a favorable credit rating on the bond market. If lawmakers agree with this recommendation, the long line of projects waiting for Capital Fund backing will grow. In and of itself, a $1.4 million Capital Fund construction request (based on the 100-bed example) is relatively conservative. It is conceivable that such a request could be financed through direct earmarking from the Capital Projects Fund. Once again, state home supporters will have to be convincing in their arguments for
construction financing, especially if the Governor's recommendation is adopted.

Montana's Governor-elect, former state senator Stan Stephens, campaigned in 1988 to reduce the size of state government. He sees the state offering many services that could conceivably be contracted out to the private sector, or abandoned to the private sector altogether. Governor-elect Stephens is expected to present government-reduction strategies to the 1989 legislature intended to save tax dollars. If a new state home is considered government expansion, it may fail to secure his support.

Finally, state lawmakers will need to hear compelling arguments from supporters concerning anticipated use of a new state home. A new state home is for veterans, makes health care options more available to veterans, and reaffirms Montana's tradition of special recognition of veterans. But, a new state home will have to document accurate occupancy projections that ensure the ability to meet expenses with the least impact to taxpayers. Continued state support of a new state home may be determined as much by projected occupancy as it is by Montana's commitment to veterans.
While it is true that veterans (and all Montanans) are living longer, it is mainly due to advancements in medical care and technology. Living longer may translate into staying healthy longer, so not in need of health care as much as ten or twenty years ago. Also, long-term health care alternatives such as home health care and personal care are more available, and in some cases, more affordable for potential clientele. Any projected occupancy for a new state home must consider all factors that may affect an occupancy rate.

Local Economic Stimulation

Several eastern Montana communities are being promoted as candidates for site selection for a new state home. Construction and operation of such a facility could offer economic rewards to a selected community, with considerable economic impact. Many short-term construction jobs and permanent health care jobs would be created. The local service economy benefits as spending power derived from more jobs is felt throughout the region.

Supporters of a new state home are aware of the importance of bringing jobs to Montana because of its contribution to
local economic development. Community leaders in eastern Montana are also aware that they need to be active in building or rebuilding a local development climate, otherwise development opportunities will pass them by.

Need for Additional Long-term Care Beds

Clearly, state statistics indicate a growing need for long-term care beds for Montana's growing elderly population. A new state home could offer relief to private sector pressures to meet those needs by contributing to an overall decrease in bed need. In turn, fewer beds to be constructed in the private sector could keep private nursing care costs down by decreasing construction costs.

Montana's elderly veteran population is also increasing. Even though the eastern Montana survey of veterans indicated a certain ambivalence towards nursing homes, more than one-quarter of the respondents had applied for disability compensation. Disabled veterans have priority for care in a state home, and are the most likely to be in need of state home care options when the severity of a disability prohibits independent living.

The eastern Montana survey also indicated a higher use of nursing or convalescent care than the national average.
While eastern Montana veterans saw themselves as relatively healthy, a pattern emerged that having a disability or history of health care did not necessarily decrease the chances of being in good health. Support for a new state home must therefore balance the veteran perception of good health with its effect on future use of a new state home.

A new state home would also provide a service to veterans in need of domiciliary care, a supervised living arrangement where nursing care is not necessary. Domiciliary care requires specific care options available to eligible veterans at a lower cost than private nursing care.

The VA ratio of 2.5 state home beds for every 1000 veterans residing in the state supports the need for almost 120 new beds in Montana. Among other factors, this figure will be influential in Montana’s rank on the VA priority list.

Availability of Specific Care Options

The type of care available to veterans in private nursing homes as opposed to a state home make the latter preferential. Having increased specific care options means that veterans will usually receive the type of treatment prescribed by personal doctors. When VA Medical Center patients are placed in nursing homes, VA personnel try to
relocate the veteran to an environment where the necessary treatment is available. For this reason, Fort Harrison ranks The Columbia Falls MVH as the preferred facility for nursing placements.

State home specific care options are also desirable because the average cost is less expensive than veteran care in the private sector. State home supporters are expected to highlight the fact that veterans can receive a greater range of care options for less of a price than in private nursing homes.

Medicaid - General Population Need

While a new state home could draw Medicaid patients from private nursing homes, there is another side. With the Columbia Falls MVH as an example, very few state home residents will ever qualify for Medicaid. Therefore, Medicaid funds previously used for veterans who become eligible for state home care are then reverted to other eligible elderly Montanans in need of private long-term care. More people are qualifying for Medicaid, but available Medicaid funds are not increasing.
Costs to Montana

The construction of a new state home in eastern Montana is a bargain for taxpayers. The VA construction reimbursement makes Montana's financial commitment to a new state home seemingly more tolerable in a legislative nest of fiscal conservatism. A $1.4 million chunk of the Capital Projects Fund for a state home will be much more palatable to lawmakers than several other more expensive proposals expected to surface in the 1989 Legislature.

The state's annual commitment to state home operational funding results in a minimal impact to the general fund. An annual general fund contribution should not exceed $500,000. Very few of Montana's state operations come near that level of general fund support, especially in the service areas maintained by the Department of Institutions. In policy making that is often dictated by bottom-line reasoning, annual support for a new state home would be a relatively efficient use of funds for Montana's taxpayers.

Traditional Support for Veterans

Taxpayers are also entering into a favorable arrangement insular as additional state home beds would reaffirm Montana's tradition of special recognition to veterans.
Besides being a powerful lobbying force, veteran groups are quick to remind observers of the sacrifices veterans have made for America. Montanans have consistently been supportive of veteran projects and programs to show veterans that they are always appreciated. By committing to construction and operational funding, the state would be providing a tangible service in return for the commitments veterans have made.

*Esprit de Corps*

Another more emotional argument in support of a new state home is the idea that veterans who have to obtain long-term care would rather undergo that care in the presence of other veterans. Most veterans will indicate a certain amount of comfort knowing that they will be near fellow comrades. Often times, veterans have lived through experiences so awesome that only other veterans can understand the haunting mental and physical imprints that accompany such experiences. In that respect, a Montana commitment to a new state home would add to its tradition of veteran recognition by being sensitive to the spirit of this camaraderie.
Future Use

Proponents for a new state home in eastern Montana must demonstrate that it will maintain an future occupancy rate that will justify continued state support. If Montana's projected veteran population remains consistent, then future use of a new state home should also remain consistent. An ironic twist in this argument for a new state home is an indirect reliance on Montana's present economic condition. The state economy has experienced sharp declines with major plant closures, a stagnant agricultural market, and decreases in natural resource development. Traditionally, when economic conditions worsen, the military experiences increases in recruitment.
RECOMMENDATION

It is appropriate to offer a final recommendation as a result of the policy analysis presented herein. A new state home in eastern Montana should be authorized by the 1989 Legislature. The construction and operation of a new state home would result in minimal costs to the state, Montana's history of veteran acknowledgement would be reaffirmed, and it would have minimal impact on existing nursing homes. Additionally, administrators at Montana's VA Medical Centers would welcome additional state home beds in the state.

Minimal Costs to the State

A state home for veterans would be a bargain for Montana taxpayers in that the financial commitments would be minimal and have partial impact on state funding mechanisms in comparison to full construction and operational costs. The overall state costs would be 35 percent of construction and approximate 25 to 35 percent of total operating costs.

Opponents of state government expansion should note that only 25 to 35 percent of state home operating costs would be reimbursed by the state. In a state desperate for an infusion of employment opportunities, knowing that the state would only be partially responsible for state home
employment costs is comforting. At the same time, the state would retain primary administration responsibilities.

Special Recognition of Montana's Veterans

In respect to a new state home, Montana's tradition of special recognition of veterans is best demonstrated in Article XII, section 3(1) of the 1972 Montana Constitution: "The State shall establish and support institutions and facilities as the public good may require, including homes which may be necessary and desirable for the care of veterans." This section is supplementary to Article II, section 35, which states: "The people declare that Montana servicemen, servicewomen, and veterans may be given special considerations determined by the legislature." The construction and operation of a new state home in eastern Montana would qualify as a special consideration.

Additionally, the electorate of Montana authorized bonus pay specifically for wartime veterans to be paid from the tax on cigarettes. Although the Legislature repealed authority to pay veteran bonuses, revenue collected through the tax on cigarettes was never correspondingly eliminated, only diverted for other general uses. Without that diversion from a specific benefit for veterans, Montana could easily
have accumulated sufficient construction funds for this veteran project.

As for individual veteran long-term care affordability, the average daily cost to veterans for state home care is less than the average daily cost in the private sector. While overtly discriminatory to Montana's general population, decreased care costs in a state home would uphold the veteran status characteristic in Montana.

**Minimal Impact on Existing Nursing Home Services**

The establishment of a new state home would have a minimal impact on the continuing operations of existing nursing homes. If contracts to the private sector decrease because of a new state home, it is estimated to only be a temporary decrease based on the high occupancy rate and long waiting list of the MVH.

The need for nursing care in Montana is such that fewer veteran clients could foster relief to documented bed need for the overall population. There is no indication of a nursing home bed need specifically for veterans except by the high rate of contract placements from Montana's two VA Medical Centers, the high occupancy rate of the Columbia Falls MVH, and the VA ratio that 2.5 beds is sufficient to
meet the needs for every 1000 veterans. From research into each area, a new state home in eastern Montana would be welcome and justified.

If nursing homes in the private sector fear a loss of professional employees or staff to a new state home, then they may be encouraged to increase wages that are already at minimum levels. The fact that registered nurses are the single most sought after professional employee in Montana indicates that they are finding work in better paying parts of the country.

Finally, impacts on private care would be minimal because a state home is confined to a narrow segment of the population. Private nursing homes provide services to the general population and have more localized market areas. Nursing home bed need is expected to increase as the population of elderly Montanans increases. A new state home is for all of Montana's veterans and may draw veterans from neighboring states. Also, some of the VA nursing care contract placements that are transferred out of state now may have a better chance of remaining if a new state home is constructed in eastern Montana.

Therefore, local market areas of existing nursing care services should experience minimal, short-term impacts from
a new state home catering to a statewide veteran population. One example is the fact that Region V's (see Figure 3-2) need for additional nursing home beds has not diminished because of the presence of the 150-bed MVH. In fact, the previously cited Lantis proposal to construct a new 108-bed nursing home is for Kalispell, not far from the Columbia Falls MVH.

Montana VA Medical Centers

A crucial element in determining whether a new state home should be constructed in eastern Montana is an assessment by VA medical care personnel stationed in Montana. There appears to be a frustration from both VA hospitals when Montana veterans have to be placed in nursing or domiciliary care out of state. Fault for out of state placements is blamed on the long wait to be admitted to the Columbia Falls MVH, the 99-100 percent occupancy rate at the Miles City VA Nursing Care Unit, and the lack of specific or specialized care options characteristic of most of Montana's private nursing homes. A new state home in eastern Montana is ideal for nursing or domiciliary placements from the VA hospitals in that the veterans would have the option to remain in Montana and receive the optimal health care attention that is available in a state home.
Summary

There are compelling arguments for and against construction and operation of a new state home in eastern Montana. However, because of the minimal costs to the state, Montana's strong tradition of honoring veterans, the minimal impact on existing nursing home services, and the support for a new state home from Montana's VA hospitals, such a state venture would be safe and affordable. It is especially important to reassure the private sector that any impact would also be short-term and offer some relief to an already documented shortage of nursing home beds. Additionally, it would require statutory modification for the state to open a new state home to non-veteran clientele, excluding veterans' spouses. If the Columbia Falls MVH is any indication, a new state home in eastern Montana will operate at a high veteran occupancy rate, justifying continued support from the state.
APPENDIX A

1. Hello, my name is ___________. I'm calling from ________________. We are gathering information from eastern Montana veterans about their views on various issues that affect them.

   First of all, I need to be sure I've dialed the right number. Is this _______?

   a. Yes..........................-1 (ASK Q.2)
   b. No..........................-2 (POLITELY END CONTACT)

2. Your number was randomly selected from a pool of veterans phone numbers throughout eastern Montana. Just to verify our information, are you or a member of your household a veteran of the Armed Forces?

   a. Yes, respondent is veteran.............-1 (ASK Q.3)
   b. Yes, household member is a veteran...-2 (ASK Q.2a)
   c. No, wrong information..................-3 (POLITELY END CONTACT)

2a. Is the veteran living in your household available to come to the phone for a few minutes?

   a. Yes..............................-1 (ASK Q.3 WHEN THE VETERAN ANSWERS THE PHONE. BE SURE TO EXPLAIN WHO YOU ARE AGAIN.)
   b. No, not home or not available....-2 (ASK IF YOU CAN MAKE AN APPOINTMENT TO CALL BACK.)
   c. No, not able to use phone for any reason.............-3 (ASK INFORMANT IF HE/SHE WOULD CARE TO RESPOND ON BEHALF OF THE VETERAN. BE SURE TO MODIFY EACH QUESTION IF INFORMANT AGREES.)

3. Would you mind spending a few minutes answering some questions for me?

   a. Yes..........................-1 (PROCEED WITH QUESTIONS)
   b. No..........................-2 (IF NO TIME, ASK IF YOU CAN CALL BACK)
4. What is your age?  
Average age **60.48 years**  
youngest 24 years  
oldest 94 years

5. What is your current employment status? (Are you employed full-time, part-time, retired, looking for work, or unable to work?)

a. Employed full-time............... 118 45.04%  
b. Employed part-time, not retired. 15 5.73%  
c. Employed, military..................  
d. Retired, but still working....... 28 10.69%  
e. Fully retired......................... 93 35.50%  
f. Unemployed, but looking for work 1 0.38%  
g. Unable to work...................... 7 2.67%  
h. Other (specify)  

i. Not sure................................  
j. Refused...............................  
k. No answer............................  

6. How long did you serve on active duty in the Armed Forces? (Include total time for all service periods.DO NOT READ LIST.)

a. Less than 90 days...................... 1 0.38%  
b. 90 to 180 days....................... 6 2.29%  
c. More than 180 days but  
   less than one year............... 4 1.53%  
d. 1 to 2 years......................... 75 28.63%  
e. More than two years but  
   less than 20 years........... 167 63.74%  
f. 20 years or more.................... 9 3.44%  
g. Not sure..............................  
h. Refused...............................  
i. No answer............................  

7. Were you ever a prisoner of war?  
   a. Yes, was a POW.....................  
   b. No, wasn't a POW............... 262 100%  
   c. Refused...........................  
   d. No answer..........................  

8. Have you ever applied for or received service-connected disability compensation from the Veterans Administration?  
   a. Yes, have applied............... 69 26.33%  
   b. No, never applied............. 193 73.66%  
   c. Not sure...........................  
   d. Refused...........................  
   e. No answer..........................
9. Was your claim allowed, denied, or is it still pending?

a. Yes, claim allowed or benefit received...... 52 75.36% (of those who applied)

b. Claim denied ...... 12 17.39% (of those who applied)

c. Claim pending...... 2 2.90%

d. Not sure..........

e. Refused............

f. No answer.......... 3 4.35%

10. Now I would like to ask about the future. After I read each item, please indicate if you feel the prospects for you are very good, fair, or poor.

<table>
<thead>
<tr>
<th>Very Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Having enough money to retire on............. 85 32.44% 116 44.27% 53 20.23% 5 1.91%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Covering major medical expenses and long-term disabilities.... 93 35.50% 87 33.21% 73 27.86% 9 3.44%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Owning the kind of home you want............. 154 58.78% 66 25.19% 34 12.98% 6 2.29%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d. Leaving an adequate amount of money to your family after you're gone..... 84 32.18% 82 31.42% 70 26.82% 20 7.66%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Being in good health............. 136 51.91% 95 36.26% 29 11.07% 2 0.76%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. Being able to receive the kind of health care you want............. 139 53.05% 82 31.30% 32 12.21% 8 3.05%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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11. Compared to other people your own age, would you say that your health is **excellent, good, fair, or poor**?

- a. Excellent ....................... 77  29.39%
- b. Good ........................... 99  37.79%
- c. Fair ............................. 69  26.34%
- d. Poor ............................  4  2.61%
- e. Not sure ......................... 1  0.38%
- f. Refused ..........................  
- q. No answer ....................... 1  0.38%

12. Does your health keep you from working or limit daily activities of any kind?

- a. Yes, it does ..............  62  23.66%
- b. No, it doesn’t ............  195  74.43%
- c. Already retired ........... 2  0.76%
- d. Not sure .......................  
- e. Refused ..........................  
- f. No answer ....................... 3  1.14%

13. Have you been a patient in a hospital overnight or longer in the last twelve months?

- a. Yes, have been a patient.....  52  19.85%
- b. No haven’t been ............ 206  78.63%
- c. Not sure ....................... 1  0.38%
- d. Refused .........................  
- e. No answer ....................... 3  1.15%

14. Were you a patient in a nursing home, convalescent home, or similar place in the last twelve months?

- a. Yes, was a patient ...........  8  3.07%
- b. No, wasn’t ..................... 238  91.19%
- c. Not sure ........................ 
- d. Refused ......................... 2  0.76%
- e. No answer ....................... 13  4.98%

15. Approximately how far do you have to travel for REGULAR OR ROUTINE medical attention?

- a. 0 to 10 miles ................. 127  48.47%
- b. 10 to 20 miles ...............  28  10.69%
- c. 20 to 50 miles ...............  28  10.69%
- d. 50 to 100 miles .............. 25  9.54%
- e. More than 100 miles ......... 50  19.08%
- f. Not sure .......................  4  1.53%
- q. Refused ........................
- h. No answer .......................
16. Approximately how far do you have to travel for EMERGENCY medical attention?

<table>
<thead>
<tr>
<th>Choice</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. 0 to 10 miles</td>
<td>164</td>
<td>62.60%</td>
</tr>
<tr>
<td>b. 10 to 20 miles</td>
<td>31</td>
<td>11.83%</td>
</tr>
<tr>
<td>c. 20 to 50 miles</td>
<td>31</td>
<td>11.83%</td>
</tr>
<tr>
<td>d. 50 to 100 miles</td>
<td>14</td>
<td>5.34%</td>
</tr>
<tr>
<td>e. More than 100 miles</td>
<td>17</td>
<td>6.49%</td>
</tr>
<tr>
<td>f. Not sure</td>
<td>5</td>
<td>1.91%</td>
</tr>
<tr>
<td>g. Refused</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h. No answer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. Do you ever go without medical care because of the distance you have to travel?

<table>
<thead>
<tr>
<th>Choice</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes, go without</td>
<td>23</td>
<td>8.81%</td>
</tr>
<tr>
<td>b. No, travel is no problem</td>
<td>232</td>
<td>88.89%</td>
</tr>
<tr>
<td>c. Not sure</td>
<td>1</td>
<td>0.38%</td>
</tr>
<tr>
<td>d. Refused</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. No answer</td>
<td>5</td>
<td>1.92%</td>
</tr>
</tbody>
</table>

18. Are you now or have you ever been covered by Medicare or any other group or private health insurance?

<table>
<thead>
<tr>
<th>Choice</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes, now covered</td>
<td>197</td>
<td>75.19%</td>
</tr>
<tr>
<td>If yes, is coverage for life</td>
<td>yes</td>
<td></td>
</tr>
<tr>
<td>b. Yes, have been covered</td>
<td>27</td>
<td>10.30%</td>
</tr>
<tr>
<td>c. No, never covered</td>
<td>32</td>
<td>12.21%</td>
</tr>
<tr>
<td>d. Not sure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. Refused</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f. No answer</td>
<td>6</td>
<td>2.29%</td>
</tr>
</tbody>
</table>

19. Are you now eligible for free medical care from military health facilities?

<table>
<thead>
<tr>
<th>Choice</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Yes, eligible</td>
<td>101</td>
<td>38.55%</td>
</tr>
<tr>
<td>b. No, not eligible</td>
<td>120</td>
<td>45.80%</td>
</tr>
<tr>
<td>c. Not sure</td>
<td>34</td>
<td>12.98%</td>
</tr>
<tr>
<td>d. Refused</td>
<td></td>
<td></td>
</tr>
<tr>
<td>e. No answer</td>
<td>7</td>
<td>2.67%</td>
</tr>
</tbody>
</table>
20. Now, I am going to read you some statements people have made about nursing or retirement homes. Even if you may not have had much experience in this area, we would like to hear your opinions. As I read each statement, please tell me if you mostly agree or mostly disagree. (READ EACH ITEM)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mostly Agree</th>
<th>Mostly Disagree</th>
<th>No Opinion</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. In a nursing home, people can count on help 24 hours a day.</td>
<td>201</td>
<td>32</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>76.72%</td>
<td>12.21%</td>
<td>4.20%</td>
<td>6.49%</td>
</tr>
<tr>
<td>b. It's better to stay out of a nursing home as long as you can............</td>
<td>238</td>
<td>14</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>90.84%</td>
<td>5.34%</td>
<td>0.76%</td>
<td>3.05%</td>
</tr>
<tr>
<td>c. Most nursing homes take good care of people...............................</td>
<td>202</td>
<td>32</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>77.10%</td>
<td>12.21%</td>
<td>1.91%</td>
<td>8.40%</td>
</tr>
<tr>
<td>d. People go to a nursing home only when there is no other place to live..</td>
<td>189</td>
<td>51</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>72.14%</td>
<td>19.47%</td>
<td>3.05%</td>
<td>4.96%</td>
</tr>
<tr>
<td>e. Nursing homes are lonely places to live.................................</td>
<td>148</td>
<td>76</td>
<td>13</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>56.49%</td>
<td>29.01%</td>
<td>4.96%</td>
<td>9.16%</td>
</tr>
<tr>
<td>f. There are lots of things to do in a nursing home to keep people busy...</td>
<td>130</td>
<td>62</td>
<td>27</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>49.62%</td>
<td>23.66%</td>
<td>10.31%</td>
<td>16.41%</td>
</tr>
</tbody>
</table>

21. Are you aware of the Montana Veterans Home in Columbia Falls, Montana?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Yes, aware</th>
<th>No, unaware</th>
<th>Refused</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>181</td>
<td>79</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>b</td>
<td>69.08%</td>
<td>30.15%</td>
<td>0.76%</td>
<td></td>
</tr>
</tbody>
</table>

22. Do you see a need for a new Montana Veterans Home in eastern Montana?

<table>
<thead>
<tr>
<th>Answer</th>
<th>Yes, see a need</th>
<th>No, isn't necessary</th>
<th>Not sure</th>
<th>Refused</th>
<th>No answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>a</td>
<td>226</td>
<td>14</td>
<td>20</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>b</td>
<td>86.26%</td>
<td>5.34%</td>
<td>7.63%</td>
<td>0.76%</td>
<td></td>
</tr>
</tbody>
</table>
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PERSONAL CONTACTS

April 15, 1988  Mr. Patrick Estenson, Superintendent, Columbia Falls Montana Veterans' Home.

June 29, 1988  Mr. Robert McCracken, Montana Department of Commerce, Community Development Bureau, Helena.

June 29, 1988  Mr. Charles Aaqenes, Montana Department of Health and Environmental Sciences, Health Planning and Resource Development Bureau, Helena.


June 29, 1988  Ms. Jacqueline McKnight, Montana Department of Health and Environmental Sciences, Licensing and Certification Bureau, Helena.

July 1, 1988  Mr. Brent Baker, VA Construction Grant Program, Washington, DC.

July 1, 1988  Mr. Robert Botterbusch, Montana Department of Labor and Industry, Helena. (Telephone conversation.)

July 1, 1988  Mickey Hines, Montana Department of Labor and Industry, Helena. (Telephone conversation.)

July 1, 1988  Ms. Jan Clack, Montana Department of Commerce, Census and Economic Information, Helena. (Telephone conversation.)

July 5, 1988  Mr. Charles Aaqenes, DHES. (Telephone conversation.)

July 6, 1988  Mr. Jack Casey, former Hospital Administrator, Montana Department of Institutions, Helena. (Telephone conversation.)
July 7, 1988    Mr. Cleve Johnson, Department of Health and Environmental Sciences, Licensing and Certification Bureau, Helena. (Telephone conversation.)

Sept. 9, 1988    Mr. Curtis Chisholm, Deputy Director, Montana Department of Institutions, Helena.

Sept. 9, 1988    Mr. Charles Aaqenes, DHES.

Sept. 19, 1988   Ms. Rose Hughes, Executive Director, Montana Health Care Association, Helena.

Sept. 19, 1988   Mr. James Armstrong, MSW, Chief of Social Work, Fort Harrison VA Medical Center, Helena.

October 3, 1988  Ms. Marielaine Haqel, MSW, Acting Chief of Social Work, Miles City VA Medical Center, Miles City, MT. (Telephone conversation.)