Summary of Cost Analysis – SB627 Workgroup

Per the direction of the SB627 Workgroup, DBHDS has looked at the financial impact of each of the potential scenarios.

Key Considerations

- DBHDS took into consideration the current planned discharges when devising its benchmarks, marginally adjusting the 75 percent and 50 percent capacity figures to reflect anticipated census over the next two years.
- DBHDS used information from training center operating budgets to devise anticipated costs, assuming that facilities would continue to operate and offer services similar to current practices.
- DBHDS has also provided information on community ID/DD waiver slots as well as the ID/DD waiting lists in the analysis, as the availability of waivers and the closing of facilities are linked from a budget perspective.
- The fiscal analysis provided in this paper shows the total general fund fiscal impact of keeping a facility open along with the associated waiver savings associated with individuals not utilizing these services in the community. The training centers do currently have operating budgets supported with general fund dollars and are expected to achieve significant forecasted savings as they downsize and eventually close.

Benchmark 1 (Maintain 75% Census Capacity)

	Operating Impact GF	Less Waiver Savings	Total GF
Scenario 1: 3 Additional TCs (NVTC, CVTC, SWVTC)	$70.2 million	($13.4 million)	$56.8 million
Scenario 2: 2 Additional TCs (CVTC, SWVTC) + 1 ICF (16 bed) in NoVA	$54.3 million	($11.3 million)	$43.0 million
Scenario 3: 1 ICF (16 bed) in Central VA & 1 ICF (16 bed) in NoVA	$3.1 million	($1.1 million)	$2.0 million
Scenario 4: 1 Additional TC (CVTC)	$38.7 million	($7.4 million)	$31.3 million

*Note: Waiver savings is a cost avoidance as this would not be realized fully until FY 2021

Capital Considerations:

	Capital Cost
Scenario 1: 3 Additional TCs (NVTC, CVTC, SWVTC)	$118.6 million (FICAS)
Scenario 2: 2 Additional TCs (CVTC, SWVTC) + 1 ICF (16 bed) in NoVA	$81.7 million (FICAS) + $3.4 million (ICF)
Scenario 3: 1 ICF (16 bed) in Central VA & 1 ICF (16 bed) in NoVA	$0 (FICAS) + $3.4 million (ICF)
Scenario 4: 1 Additional TC (CVTC)	$66.2 million(FICAS)

Benchmark 2 (Maintain 50% Census Capacity)

	Operating Cost GF	Less Waiver Savings*	Total GF
Scenario 1: 3 Additional TCs (NVTC, CVTC, SWVTC)	$48.4 million	($8.7 million)	$39.7 million
Scenario 2: 2 Additional TCs (CVTC, SWVTC) + 1 ICF (16 bed) in NoVA	$39.0 million	($8.4 million)	$30.6 million
Scenario 3: 2 ICFs (32 beds) in Central VA & 2 ICFs (32 beds) in NoVA	$6.1 million	($2.2 million)	$3.9 million
Scenario 4: 1 Additional TC (CVTC)	$24.7 million	($4.8 million)	$19.9 million

*Note: Waiver savings is cost avoidance as this would not be realized until FY 2021

Capital Considerations:

	FICAS Cost
Scenario 1: 3 Additional TCs (NVTC, CVTC, SWVTC)	$111.8 million (FICAS)
Scenario 2: 2 Additional TCs (CVTC, SWVTC) + 2 ICFs (32 bed) in NoVA	$74.9 million (FICAS) + $6.8 million (ICF)
Scenario 3: 2 ICFs (32 bed) in Central VA & 2 ICFs (32 bed) in NoVA	$0 (FICAS) + $6.8 million (ICF)
Scenario 4: 1 Additional TC (CVTC)	$65.1 million (FICAS)

Key Findings

1. Due to the high fixed costs associated with operating a facility, the state only achieves marginal savings associated with discharging individuals and downsizing staff, due to economies of scale and the nature of Medicaid cost reimbursement. This is evident with NVTC where a very small footprint (40 bed capacity) still results in a substantial general fund cost of $12.8 million annually. The state only achieves substantial and lasting savings when a facility closes.

2. While the training center operating budgets currently include funding sufficient to support the SB627 workgroup scenarios (except keeping all remaining TCs open at 75% current capacity), it is critical to point out that the DOJ settlement agreement requires an additional 1,865 community ID/DD waivers from FY 2017 to FY 2021, costing an additional $22.1 million general fund by FY 2018 and $60.0 million general fund by FY 2021 (end of the agreement). Any decision to keep more than one training center open will create a fiscal impact on the general fund requirement to support required community ID/DD waivers.

3. Additionally, there are currently no funds (general fund or debt service) to support the ongoing capital renovation requirements to support these facilities, potentially costing upwards of $118.6 million in renovation costs (from FICAS). There is a steep opportunity cost here, as this funding could be used to develop and support community capacity.

4. Within the scenarios, it was marginally less expensive operationally to keep two additional training centers open (CVTC and SWVTC) with a smaller footprint (215 beds) than CVTC with a larger footprint (216 beds). This is most likely the result of serving a higher needs population through CVTC's skilled nursing unit. Additionally, capital costs would be marginally higher with keeping both facilities open. However, the two scenarios are for the most part a wash in terms of impact.

SB627 Workgroup - Cost Analysis of Options

Scenario 1: Four Training Centers Remain Open

Training Centers	Type	Census Benchmark 1 (Approx. 75%)	Census Benchmark 2 (Approx. 50%)		Projected Census Jan 1, 2016
CVTC	Skilled Nursing	84	65		65
	ICF	132	75		141
	Total	216	140		206
NVTC	ICF	75	40		0
SWVTC	ICF	100	75		101
SEVTC	ICF	75	75		66
	Total	**466**	**330**		**373**

Operational Cost Implications

Training Centers	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
CVTC	$38.7 million	$24.7 million
NVTC	$17.6 million	$12.8 million
SWVTC	$13.9 million	$10.9 million
SEVTC	$10.9 million	$10.9 million
Total GF Impact	**$81.1 million**	**$59.3 million**
Total GF for additional 3 TCs	***$70.2 million***	***$48.4 million***

Community Based - Waiver	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
Waiver Savings* 3 more TCs	*Less 391 waivers –($13.4 million)*	*Less 255 waivers – ($8.7 million)*

**This would be annual savings at the end of the DOJ agreement as CVTC in transition to close by 2020.*

Operating Budgets For FY 2016 and Fiscal Impact of Scenario in the Out-Years

DBHDS currently has a targeted operating budget for these facilities of $158.9 million all funds in FY 2015. Based on the general fund/special fund split of 85/15 percent and estimated Medicaid cost reimbursement this translates into **$91.3 million general fund.** The budget for FY 2016 (in Chapter 2) includes additional year-over-year facility general fund savings of $15.3 million which would lower the projected facilities' budgets to **$76.0 million general fund** in FY 2016.

Under the Benchmark 1 option, there would insufficient funding already in FY 2016 to support maintaining the total training centers bed capacity at 466. Additionally, the Benchmark 2 option, while temporarily supported within the facilities' current base budgets, would create a potential funding gap for supporting additional community ID/DD waivers required by the DOJ settlement agreement in the out-years.

Scenario 2: Three Training Centers Remain Open with ICF Capacity in Northern Virginia

Training Centers	Type	Census Benchmark 1 (Approx 75%)	Census Benchmark 2 (Approx 50%)		Projected Census Jan 1, 2016
CVTC	Skilled Nursing	84	65		65
	ICF	132	75		141
	Total	216	140		206
SWVTC	ICF	100	75		101
SEVTC	ICF	75	75		66
	Total	**391**	**290**		**373**

Community Based	Type	Benchmark 1 (One Facility)	Benchmark 2 (Two Facilities)
Northern VA	ICF	16	32

<u>Operational Cost Implications</u>

Training Centers	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
CVTC	$38.7 million	$24.7 million
SWVTC	$13.9 million	$10.9 million
SEVTC	$10.9 million	$10.9 million
Total GF Impact	**$63.5 million**	**$46.5 million**
Total GF for additional 2 TCs	***$52.6 million***	***$35.6 million***

Community Based	Benchmark 1 – 1 x16 Bed ICF	Benchmark 2 – 2 x16 Bed ICFs
NoVa ICF – GF Impact	**$1.7 million**	**$3.4 million**

Community Based - Waiver	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
Waiver Savings* 3 more TCs	*Less 332 waivers –($11.3 million)*	*Less 247 waivers – ($8.4 million)*

**This would be annual savings at the end of the DOJ agreement as CVTC in transition to close by 2020*

Operating Budgets For FY 2016 and Fiscal Impact of Scenario in the Out-Years

Again, the current operating budgets for the facilities support the Benchmark 1 option, as it would essentially discontinue any discharges beyond the January 1, 2016 census projection. However, as mentioned previously, there would be no additional facility savings in FY 2017 and beyond to support the required community ID/DD waivers scheduled to be released as part of the DOJ agreement. This option also demonstrates the extremely high cost of maintaining the NVTC facility as the 2 x16-bed ICFs operates at a fraction of the cost.

Under the Benchmark 2 option, the overall facility costs continue be marginally lower, but the high fixed costs of maintaining three campuses is still readily apparent.

Scenario 3: Two Community Based Facilities and SEVTC Remains Open

Bed Capacity Model

Training Centers	Type	Census Benchmark 1 (Approx 75%)	Census Benchmark 2 (Approx 50%)		Projected Census Jan 1, 2016
SEVTC	ICF	75	75		66

Community Based	Type	Benchmark 1 (One ICF)	Benchmark 2 (Two ICFs)
Northern VA	ICF	16	32
Central VA	ICF	16	32
	Total	32	64

<u>Operational Cost Implications</u>

Training Center	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
SEVTC	$10.9 million	$10.9 million

Community Based	Benchmark 1 – 1 x16 Bed ICF	Benchmark 2 – 2 x16 Bed ICFs
NoVa ICF – GF Impact	$1.7 million	$3.4 million
Central Va ICF – GF Impact	$1.4 million	$2.7 million
Total	**$3.1 million**	**$6.1 million**

Community Based - Waiver	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
Waiver Savings* 3 more TCs	*Less 32 waivers –($1.1 million)*	*Less 64 waivers – ($2.2 million)*

****This would be annual savings at the end of the DOJ agreement as CVTC in transition to close by 2020.***

Operating Budgets For FY 2016 and Fiscal Impact of Scenario

Scenario 3 is by far the least expensive option, with only SEVTC remaining open. While the other training centers would continue to discharge individuals to the community and downsize staffing requirements appropriately through 2020, one can visibly discern that these yet to be realized facility savings would free up general fund dollars to support the required additional community ID/DD waivers as part of the DOJ agreement. It is also apparent that there is a significant disparity in the cost supporting ICFs in lieu of waivers, especially given the relatively small number of individuals served.

Scenario 4: Two Training Centers Remain Open

Bed Capacity

Training Centers	Type	Census Benchmark 1 (Approx 75%)	Census Benchmark 2 (Approx 50%)		Projected Census Jan 1, 2016
CVTC	Skilled Nursing	84	65		65
	ICF	132	75		141
	Total	216	140		206
SEVTC	ICF	75	75		66
	Total	**291**	**215**		**271**

<u>Operational Cost Implications</u>

Training Centers	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
CVTC	$38.7 million	$24.7 million
SEVTC	$10.9 million	$10.9 million
Total GF Impact	**$49.6 million**	**$35.6 million**
Total GF for additional 3 TCs	***$38.7 million***	***$24.7 million***

Community Based - Waiver	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
Waiver Savings* 3 more TCs	*Less 216 waivers –($7.4 million)*	*Less 140 waivers – ($4.8 million)*

****This would be annual savings at the end of the DOJ agreement as CVTC in transition to close by 2020.***

Operating Budgets For FY 2016 and Fiscal Impact of Scenario

Scenario 4 represents a middle of the road approach with consolidation of services at Central Virginia Training Center. While the overall costs are still high compared to the base-line scenario of just SEVTC remaining open, they are far less than keeping all four training centers open. It is interesting to note that the Benchmark 1 option of 216 individuals at CVTC is marginally more expensive than Benchmark 2 option under Scenario 2, which serves 215 individuals (140 at CVTC and 75 SWVTC). This is most likely due to a combination of two factors: (1) SWVTC operates more efficiently and therefore less expensively; and (2) CVTC serves a different population, which includes those requiring skilled nursing.

Overall, this scenario overall remains expensive and fails to provide the overall facility savings necessary to support the community ID/DD waivers scheduled to come on board per the DOJ agreement.

APPENDIX A

Current Baseline with SEVTC Remaining Open

Training Centers	Type	Census Benchmark 1 (Approx. 75%)	Census Benchmark 2 (Approx. 50%)		Projected Census Jan 1, 2016
SEVTC	ICF	75	75		66

Training Center	Benchmark 1 – GF Impact	Benchmark 2 – GF Impact
SEVTC	$10.9 million	$10.9 million

This represents the base-line scenario with NVTC closing in 2016, SWVTC in 2018 and CVTC in 2020. The current FY 2015 budget provides sufficient funding as facilities continue to discharge individuals to the community. However, in FY 2016, due to the delay in the closing of NVTC, the FY 2016 budget requires additional general fund support of $12.8 million. This impact is indicative of the fact that substantial savings associated with the closure of the facility is not achieved until all individuals are discharged and the campus is shuttered. Also, as previously indicated, the facility savings associated with their closure provides additional funds to build community capacity and extend additional ID/DD waivers to those on the waiting list in accordance to the DOJ settlement agreement.

No Training Centers Remaining Open

If the state closed the last remaining training center, SEVTC, this would provide an additional $10.9 million from the general fund to support community based services and capacity. This would result in an additional general fund cost of $2.6 million as these individuals would now be support by the facility transition waiver. It does result in an additional $8.3 million, which could support up to 243 community ID waivers moving additional individuals off the waiting list, as one possible alternative.

DOJ Settlement Agreement Community ID/DD Waiver Requirement

As discussed previously, the state is current using general fund savings from discharging individuals into the community and the eventual closure of facilities to help defray the costs of authorizing additional community ID/DD waivers per the DOJ agreement. The following table shows the incremental cost increase of providing these additional waivers. It demonstrates why the state must close facilities by the term of the DOJ agreement in order to avoid significant costs associated with this requirement.

Community ID/DD Waivers	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Additional Community ID Waivers	275	300	325	325	355	360
Additional Community DD Waivers	25	25	25	25	50	75
Community ID/DD Wavier GF Cost	-	**10,636,500**	**22,126,638**	**33,616,775**	**46,524,128**	**59,995,058**

Reduction of the ID/DD Waiting Lists

Lastly, DBHDS has looked at the financial impact of trying to eliminate or significantly reduce the ID/DD waiting lists.

As of August 1, 2014, there were about 8,800 individuals on the DBHDS I/DD waiting lists. Of these individuals 32 percent are receiving services on the EDCD waiver.

In looking at this population and assessing the fiscal impact of reducing or eliminating the wait list, DBHDS made several assumptions:

- It is unclear whether individuals on the EDCD waiver would move to a support waiver at no cost or comprehensive waiver so they were excluded from the analysis.
- The newly authorized community ID/DD slots, as part of the DOJ settlement agreement, would reduce this waiting list. This translates into 1,940 ID waivers and 225 DD waivers.
- Individuals currently on the urgent list would receive the comprehensive waiver, and individuals on the non-urgent list would move to support waiver.

Waiting List (8,800 Individuals)	Action	Fiscal Impact
2,855 individuals on EDCD Waiver	**Unclear what happens to this population**	**Indeterminate**
2,165 individuals authorized DOJ community ID/DD waiver FY 2016 – FY 2021	**Move to DOJ comprehensive ID/DD waiver (1,665 ID, 200 DD as projected in settlement agreement but not in base budget)**	**$60.0 million GF by FY 2021**
1,496 individuals on urgent list	**Moved to comprehensive waiver ($68,000 per)**	**$50.9 million GF by FY 2021**
1,382 individuals on non-urgent list	**Moved to support waiver ($30,000 per)**	**$20.7 million GF by FY 2021**
915 remaining individuals on DD waiting list	**Moved to support waiver ($30,000 per)**	**$13.7 million GF by FY 2021**
	Subtotal Waiting List Impact	**$$85.3 million GF by FY 2021**
	TOTAL Fiscal Impact	**Minimum of $145.3 million GF**

APPENDIX B

Central Virginia Training Center Operating

Operational Impact

***216 Bed Facility (75% Benchmark)* - Skilled Nursing Unit at 84 Bed Capacity, ICF at 132 Bed Capacity**

	% of Total Cost		YTD Cost	Patient Days	Cost per patient day	Direct Personnel	Average Census	Staff Per Patient
	Direct	Indirect						
SNF	41%	59%	$28,240,500	31,420	$898.81	180	84	2.54
ICF	53%	47%	$39,057,456	48,608	$803.52	358	132	2.71
Total Hypothetical Cost			$67,297,956	80,028		538	216	

This scenario, based on FY 2014 cost data, would create a projected operation funding requirement of $67.3 million all funds.

This results in an estimated annual **$38.7 million dollar general fund** impact to keep this facility open and operational at this capacity. This is based on current facility GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement, although Medicaid reimbursement can fluctuate year to year.

***140 Bed Facility (50% Benchmark)* - Skilled Nursing Unit at 65 Bed Capacity, ICF at 75 Bed Capacity**

	% of Total Cost		YTD Cost	Patient Days	Cost per patient day	Direct Personnel	Average Census	Staff Per Patient
	Direct	Indirect						
SNF	41%	59%	$21,852,768	24,313	898.81	167	65	2.57
ICF	53%	47%	$22,191,736	27,618	803.52	203	75	2.71
Total Hypothetical Cost			$44,044,504	51,931		370	140	

This scenario, based on FY 2014 cost data, would create a projected operation funding requirement of $44.0 million all funds.

This results in an estimated annual **$24.7 million dollar general fund** impact to keep this facility open and operational at this capacity. This is based on current facility GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement, although Medicaid reimbursement can fluctuate year to year. It should be noted that the ICF cost of $22.2 million all funds is slightly higher with staffing models for both SEVTC and SWVTC. This is in part driven by the higher support services costs within maintaining the large campus at CVTC.

APPENDIX C

Northern Virginia Training Center Operating

75 Bed Facility (ICF)

	Staffing needed for 75 bed facility in FTEs	Personnel $$ needed for 75 bed facility	Non Personnel Costs	Total
Power Plant			$545,086	$545,086
House Keeping	12	$591,420	$380,565	$971,985
Personnell	6	$500,345	$52,251	$552,596
Admin - General	14	$1,227,083	$499,921	$1,727,004
Security	6	$382,849	$14,084	$396,933
Buildings and Grounds	7	$530,681	$533,926	$1,064,607
Comp - General	1	$103,646	$399,387	$503,033
Linen	1	$39,186	$158,971	$198,157
Food Services	14	$869,882	$303,508	$1,173,390
Medical Recs	3	$182,308	$9,462	$191,770
Advocate			$1,500	$1,500
Community Day Programs			$1,432,080	$1,432,080
Staff Training	2	$176,741	$12,035	$188,776
Physical Services	1	$192,371	$992	$193,363
SS - General	6	$375,623	$10,262	$385,884
Professional Admin	21	$1,568,357	$76,983	$1,645,340
Nrsg Services	2	$206,708	$3,931	$210,639
Prevoc	15	$1,153,544	$12,030	$1,165,574
Quality Assurance	2	$173,201	$3,519	$176,720
Voluntary Services	0	$0	$0	$0
Infirmiry	20	$1,658,295	$94,746	$1,753,041
Pharmacy		$0	$392,589	$392,589
Dental Services	5	$518,305	$48,304	$566,609
Physical Therapy	12	$920,395	$51,880	$972,275
OT	6	$479,903	$226,160	$706,062
Rec Therapy	6	$359,018	$17,613	$376,631
Speech	2	$234,410	$3,170	$237,580
Medical Clinic	3	$461,513	$75,439	$536,952
Psychology	6	$507,212	$143,237	$650,448
Central Medical Supply			$181,376	$181,376
ICF MR	130	$7,196,420	$4,326,212	$11,522,632
	303	**$20,609,413**	**$10,011,217**	**$30,620,630**

This scenario represents the current cost estimate for maintaining NVTC at a 75 bed capacity. It costs about $30.6 million all funds annually to provide a 75 bed capacity at the facility.

This results in a projected annual general fund requirement of **$17.6 million**, based on the current GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement which can fluctuate year to year.

40 Bed Facility (ICF)

	Staffing needed for 40 bed facility in FTEs	Personnel $$ needed for 40 bed facility	Non Personnel Costs	Total
Power Plant			$545,086	$545,086
House Keeping	7	$344,995	$221,996	$566,991
Personnell	6	$500,345	$52,251	$552,596
Admin - General	14	$1,227,083	$499,921	$1,727,004
Security	6	$382,849	$14,084	$396,933
Buildings and Grounds	7	$530,681	$533,926	$1,064,607
Comp - General	1	$103,646	$399,387	$503,033
Linen	1	$39,186	$158,971	$198,157
Food Services	14	$869,882	$303,508	$1,173,390
Medical Recs	3	$182,308	$9,462	$191,770
Advocate			$1,500	$1,500
Community Day Programs			$954,720	$954,720
Staff Training	2	$176,741	$12,035	$188,776
Physical Services	1	$192,371	$992	$193,363
SS - General	4	$250,415	$6,841	$257,256
Professional Admin	21	$1,568,357	$76,983	$1,645,340
Nrsg Services	2	$206,708	$3,931	$210,639
Prevoc	12	$922,835	$9,624	$932,459
Quality Assurance	2	$173,201	$3,519	$176,720
Voluntary Services	0	$0	$8,410	$8,410
Infirmiry	16	$1,326,636	$75,797	$1,402,433
Pharmacy			$261,726	$261,726
Dental Services	5	$518,305	$48,304	$566,609
Physical Therapy	9	$690,296	$38,910	$729,206
OT	4	$319,935	$150,773	$470,708
Rec Therapy	4	$239,345	$11,742	$251,087
Speech	2	$234,410	$3,170	$237,580
Medical Clinic	3	$461,513	$75,439	$536,952
Psychology	4	$338,141	$95,491	$433,632
Central Medical Supply			$120,917	$120,917
ICF MR	65	$3,598,210	$2,163,106	$5,761,316
	185	**$15,398,394**	**$6,862,522**	**$22,260,916**

This scenario represents the current cost estimate for maintaining NVTC at a 40 bed capacity. It costs about $22.3 million all funds annually to provide a 40 bed capacity at the facility.

This results in a projected annual general fund requirement of **$12.8 million**, based on the current GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement which can fluctuate year to year.

APPENDIX D

Southwestern Virginia Training Center Operating

100 Bed Facility (ICF)

Cost Center	Staffing	Personal Services Cost	NP Services Cost	Total Cost
Direct Care Services	**240**	**11,109,560**	**2,777,390**	**13,886,950**
Ancillary Services:				
Nursing Services	24	2,208,840	552,210	2,761,050
Medical Services	5	618,078	154,519	772,597
Staff Training	2	184,070	46,018	230,088
Social Services	5	413,233	103,308	516,541
Psychology	4	368,140	92,035	460,175
Speech Therapy	3	276,105	69,026	345,131
OT/PT	6	585,556	146,389	731,945
Pharmacy	2	235,972	58,993	294,965
Total Ancillary Services	**51**	**4,889,993**	**1,222,498**	**6,112,491**
Administration and Support				
General Administration	5	493,233	123,308	616,541
Buildings and Grounds	2	146,516	36,629	183,145
Financial Services	4	304,327	76,082	380,409
Food Services	15	626,185	156,546	782,731
Housekeeping	14	519,605	129,901	649,506
Human Resources	2	141,528	35,382	176,910
Resident Records	2	146,516	36,629	183,145
Purchasing and Supply	3	171,053	42,763	213,816
Security	7	320,656	80,164	400,820
Volunteer Services	2	54,481	13,620	68,101
Cosmetology	1	45,808	11,452	57,260
Power Plant	0	-	400,000	400,000
Laundry	0		65,000	65,000
Total Administration and Support	**57**	**2,969,908**	**1,207,477**	**4,177,385**
Total	**348**	**$ 18,969,461**	**$ 5,207,365**	**$ 24,176,826**

This scenario represents the current cost estimate for maintaining SWVTC at a 100 bed capacity. It costs about $24.2 million all funds annually to provide a 100 bed capacity at the facility.

This results in a projected annual general fund requirement of **$13.9 million**, based on the current GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement which can fluctuate year to year.

75 Bed Facility (ICF)

Cost Center	Staffing	Personal Services Cost	NP Services Cost	Total Cost
Direct Care Services	**180**	**8,332,170**	**2,083,043**	**10,415,213**
Ancillary Services:				
Nursing Services	18	1,656,630	414,158	2,070,788
Medical Services	4	494,462	123,616	618,078
Staff Training	2	184,070	46,018	230,088
Social Services	4	330,586	82,647	413,233
Psychology	3	276,105	69,026	345,131
Speech Therapy	2	184,070	46,018	230,088
OT/PT	5	487,963	121,991	609,954
Pharmacy	2	235,972	58,993	294,965
Total Ancillary Services	**40**	**3,849,858**	**962,465**	**4,812,323**
Administration and Support				
General Administration	5	493,233	123,308	616,541
Buildings and Grounds	2	146,516	36,629	183,145
Financial Services	4	304,327	76,082	380,409
Food Services	12	500,948	125,237	626,185
Housekeeping	11	408,261	102,065	510,326
Human Resources	2	141,528	35,382	176,910
Resident Records	2	146,516	36,629	183,145
Purchasing and Supply	3	171,053	42,763	213,816
Security	5	229,040	57,260	286,300
Volunteer Services	2	54,481	13,620	68,101
Cosmetology	1	45,808	11,452	57,260
Power Plant	0	-	300,000	300,000
Laundry	0		50,000	50,000
Total Administration and Support	**49**	**2,641,711**	**1,010,428**	**3,652,139**
Total GF Cost	**269**	**$ 14,823,739**	**$ 4,055,935**	**$ 18,879,674**

This scenario represents the current cost estimate for maintaining SWVTC at a 75 bed capacity. It costs about $18.9 million all funds annually to provide a 75 bed capacity at the facility.

This results in a projected annual general fund requirement of **$10.9 million**, based on the current GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement which can fluctuate year to year.

APPENDIX E

Southeastern Virginia Training Center Operating

75 Bed Facility (ICF)

Cost Center	Staffing	Personal Services Cost	NP Services Cost	Total Cost
Direct Care Services	**180**	**8,332,170**	**2,083,043**	**10,415,213**
Ancillary Services:				
Nursing Services	18	1,656,630	414,158	2,070,788
Medical Services	4	494,462	123,616	618,078
Staff Training	2	184,070	46,018	230,088
Social Services	4	330,586	82,647	413,233
Psychology	3	276,105	69,026	345,131
Speech Therapy	2	184,070	46,018	230,088
OT/PT	5	487,963	121,991	609,954
Pharmacy	2	235,972	58,993	294,965
Total Ancillary Services	**40**	**3,849,858**	**962,465**	**4,812,323**
Administration and Support				
General Administration	5	493,233	123,308	616,541
Buildings and Grounds	2	146,516	36,629	183,145
Financial Services	4	304,327	76,082	380,409
Food Services	12	500,948	125,237	626,185
Housekeeping	11	408,261	102,065	510,326
Human Resources	2	141,528	35,382	176,910
Resident Records	2	146,516	36,629	183,145
Purchasing and Supply	3	171,053	42,763	213,816
Security	5	229,040	57,260	286,300
Volunteer Services	2	54,481	13,620	68,101
Cosmetology	1	45,808	11,452	57,260
Power Plant	0	-	300,000	300,000
Laundry	0		50,000	50,000
Total Administration and Support	**49**	**2,641,711**	**1,010,428**	**3,652,139**
Total GF Cost	**269**	**$ 14,823,739**	**$ 4,055,935**	**$ 18,879,674**

This scenario represents the current base-line cost estimate for maintaining SEVTC at a 75 bed capacity. It costs about $18.9 million all funds annually to provide a 75 bed capacity at the facility.

This results in a projected annual general fund requirement of **$10.9 million**, based on the current GF/SF split of 85/15 percent and estimated Medicaid cost reimbursement which can fluctuate year to year.

APPENDIX F

ICF Model – Rest of State and Northern Virginia

Staffing	Day	Evening	Overnight	Midday M-F		Avg Salary + FB	NPS per Employee	Total Cost Per Employee	Cost Per Year	NOVA cost differential
Direct Service Staff	7	8	6		21	32,870	4,931	37,801	793,811	992,263
RN Nursing	1	1		1	3	85,345	12,802	98,147	294,440	368,050
LPN Nursing			1		1	53,577	8,037	61,614	61,614	77,017
Psychologist	1				1	92,035	13,805	105,840	105,840	132,300
Social Worker	1				1	82,646	12,397	95,043	95,043	118,804
Housekeeping	1	1			2	37,114	5,567	42,681	85,362	106,703
Food Service	1	1			2	41,746	6,262	48,008	96,016	120,020
Home Manager	1				1	81,600	12,240	93,840	93,840	117,300
QIDP	1	1			2	65,280	9,792	75,072	150,144	187,680
					34				**1,776,109**	**2,220,137**
OT	contract	$125.00 oer hour for 400 hours annually							50,000	62,500
PT	contract	$125.00 per hour for 400 hours annually							50,000	62,500
Speech	contract	$70.00 per hour for 400 hours annually							16,000	20,000
Medical Director	contract	$120.00 per hour for 480 hours annually							57,600	72,000
Dietician	contract	$65.00 per hour for 80 hours annually							5,200	6,500
Non Personal Services	contract	(Operating Costs)							750,000	937,500
Total									928,800	**1,161,000**
						Total Cost			**2,704,909**	**3,381,137**
						Total GF Impact			**1,352,455**	**1,690,568**

This represents the cost of running one 16 bed ICF facility with a **$1.7 million general fund cost for a facility in Northern Virginia and a $1.4 million general fund impact for the maintaining in the rest of the state**. ICF are supported through Medicaid cost reimbursement similar to training centers.

APPENDIX G

Capital Analysis

Scenario 1 a. Four Center Option with Sharing of Land

Northern Virginia Training Center

The property is located on Braddock Road and is surrounded by residential property, except for the cemetery across Braddock Road and the adjacent property used by other state agencies. The property is eagerly sought by many developers. The property is very valuable both because of its location, size and potential for development.

The arrangement of the campus does not lend itself to sharing. The Administration, Programs and Support Services buildings, (Building 1, 2, 9, 10, 11, and 12) are located at the front of the property. With Buildings 1 and 3 serving at the residential buildings, the remaining residential buildings (Buildings 4, 5, 6, 7, and 8) are located on the back of the property. These buildings contain approximately 88,711 gross square feet of building area. If these buildings could be shared with another public agency for a public use, this area could be rented to the agency or they could share operations and maintenance costs. Given the age of condition of the building, it is estimated that the income from this use of the property is $10.00 per square foot, or $887,110 per year. We are currently leasing support space in Chesapeake for approximately $20.00, but that space is new and of a higher rating than that which would be offered at NVTC. If we used the same figure as that for which we are leasing space in Chesapeake, the annual rent would be $1,674,220.

If the property is leased to a private company or managed by a private entity, it would not be considered a public use and the residual amount of the bonds used to improve these buildings would have to paid, in order to comply with the IRS regulations for the use of tax-exempt bond funds. While a precise figure is not available for each building at this time, the estimated amount for the entire site is approximately $11,000,000 with a gross building area of 227,862 which is an average of $48 per square foot. Thus these buildings would require approximately $4,250,000 to repay their proportionate amount of the bonds. With associated fees to defease the bonds, the total amount is estimated to be $4,500,000.

Central Virginia Training Center:

This property is located in Madison Heights, VA on approximately 270 acres of land. The facility has approximately 895,000 square feet of building area with approximately 590,000 square feet in use at the current census. At the projected census of 215 Buildings 8, 9, 10, 11, 12, and 31 would be used for residential structures. Substantial investment has been made in these residential buildings in order to keep them in compliance with the current codes. Continued investment is needed for Building 31, if it is to remain compliant.

Support structures for administration, programs and support services would be retained and used in place. This, somewhat, limits the areas which can be utilized for lease. Also, the buildings which are left unused in this arrangement would not meet current codes and require some modification and upgrade to be suitable for another purpose.

Attempts have been made in the past to interest other agencies and the private sector in utilizing portions of the campus. While there has been serious consideration by some groups, ample availability of space of equal or better value in nearby Lynchburg, VA has prevented any alternative use. For this reason, I believe there is no market for the property at this time and no potential to offset the operating costs of the total facility.

Southwestern Virginia Training Center

The property is located in Hillsville, VA on a 95-acre site with approximately 180,000 square feet of building area. Recent renovations and upgrades to the mechanical and electrical systems on the campus have made it a very efficient campus. However, the cottage in which many of the residents live, are in need of substantial interior renovation to make them fully compliant with accessibility requirements and to replace many of the finishes in the building which are beyond useful life.

The cottages are separated from the administration and support services structures and could be leased to another agency or private user without impacting the remainder of the campus. At a census of 100, eight of the cottages would be available for leasing. At a census of 75 all of the cottages are available for leasing. With a census of 75 the area available for sharing or leasing is approximately 45,000 square feet and for a census of 100 the area available is approximately 24,000 square feet.

Determining a fair market value is difficult, but it is fair to say, it would be substantially lower than Northern Virginia Training Center or Southeastern Virginia Training Center, simply because of the market demand. If $10.00 per square foot is used, it would yield a gross income of approximate $450,000 and $240,000 respectively.

Scenario 1 c. Four Center Option with rebuilding NVTC on less valuable land

Northern Virginia Training Center

As a model for the rebuilding of Northern Virginia Training Center (NVTC), Southeastern Virginia Training Center (SEVTC) is used. A great deal of effort was made to maximize the space dedicated to the residential component of the SEVTC facility while minimizing the administration, program and support services spaces. The result is that the residential component is approximately 78,000 square feet; program space is approximately 22,000 square feet; and administration and support service is 37,000 square feet. SEVTC also occupies approximately 25 acres of land.

It is estimated that the residential component would cost approximately $300 per square foot or $23,400,000 to construct today. Support and program space is estimated at $250 per square foot or $14,750,000. Thus the new building and site construction is approximately $38,150,000. To this would have to be added the cost of acquiring the land. Assuming that the land can be acquired at $250,000 per acre, the acquisition cost is $5,750,000. The total estimated project cost is approximately $44,000,000.

It is likely that the estimated project cost indicated above is higher than the sale price of the current NVTC.

Capital Costs - CVTC

Central Virginia Training Center			
Renovation Cost per FICAS			
Building		Benchmark 1	Benchmark 2
1	$3,550,468	$3,550,468	$3,550,468
2	$1,376,617	$1,376,617	$1,376,617
6	$2,139,539	$2,139,539	$2,139,539
7	$1,921,344	$1,921,344	$1,921,344
8	$451,628	$451,628	$0
9	$986,814	$986,814	$986,814
10	$0	$0	$0
11	$128,181	$128,181	$0
12	$451,628	$451,628	$0
31	$3,591,941	$3,591,941	$3,591,941
32	$14,176	$14,176	$14,176
33	$5,462	$5,462	$5,462
34	$0	$0	$0
36	$94,853	$94,853	$94,853
37	$118,823	$118,823	$118,823
38	$22,725	$22,725	$22,725
39	$22,427	$22,427	$22,427
42	$0	$0	$0
44	$985	$985	$985
46	$6,207,799	$6,207,799	$6,207,799
50	$3,559,158	$3,559,158	$3,559,158
51	$960,248	$960,248	$960,248
56	$89,682	$89,682	$89,682
57	$326,906	$326,906	$326,906
59	$169,975	$169,975	$169,975
60	$1,261,567	$1,261,567	$1,261,567
65	$5,214,525	$5,214,525	$5,214,525
66	$1,250,543	$1,250,543	$1,250,543
77	$612,604	$612,604	$612,604
80	$0	$0	$0
81	$1,147,639	$1,147,639	$1,147,639
82	$415,555	$415,555	$415,555
83	$39,323	$39,323	$39,323
84	$0	$0	$0
85	$0	$0	$0
86	$0	$0	$0
87	$3,624	$3,624	$3,624
88	$2,655	$2,655	$2,655
89	$15,841	$15,841	$15,841
90	$2,231	$2,231	$2,231
91	$1,695	$1,695	$1,695
92	$0	$0	$0
95	$0	$0	$0
Site	$30,000,000	$30,000,000	$30,000,000
	$66,159,181	$66,159,181	$65,127,744

Capital Costs – NVTC

Northern Virginia Training Center		
Renovation Cost per FICAS		
	Benchmark 1	Benchmark 2
Bldg.		
1	$ 5,269,148	$ 5,269,148
2	$ 8,230,002	$ 8,230,002
3	$ 4,013,554	$ 4,013,554
4	$ -	$ -
6	$ -	$ -
7	$ -	$ -
9	$ 176,088	$ 176,088
10	$ 412,420	$ 412,420
11	$ 2,227,988	$ 2,227,988
12	$ 2,399,434	$ 2,399,434
Site	$14,161,809	$14,161,809
Total	$36,890,443	$36,890,443

Capital Costs – SWVTC

Southwestern Virginia Training Center			
SWVTC Ficas Summary			
		Benchmark 1	Benchmark 2
Bldg.	Renovation Cost per FICAS		
1	$ 3,149,552	$ 3,149,552	$ 3,149,552
2	$ 2,078,011	$ 2,078,011	$ 2,078,011
3	$ 1,857,146	$ 1,857,146	$ 1,857,146
4	$ 911,637	$ 911,637	$ 911,637
5A	$ 298,456	$ 298,456	$ -
5B	$ 263,198	$ 263,198	$ -
5C	$ 275,993	$ -	$ -
5D	$ 259,664	$ -	$ -
6A	$ 311,345	$ 311,345	$ -
6B	$ 311,345	$ -	$ -
6C	$ 275,930	$ -	$ -
6D	$ 304,669	$ 304,669	$ -
7A	$ 318,212	$ 318,212	$ -
7B	$ 330,929	0	$ -
7C	$ 283,310	$ -	$ -
8A	$ 307,259	$ 307,259	$ -
8B	$ 275,246	0	$ -
8C	$ 286,646	$ -	$ -
9	$ 1,876,240	$ 1,876,240	$ -
10	$ 1,340,581	$ 1,340,581	$ -
11	$ 693,566	$ 693,566	$ -
12	$ 896,474	$ 896,474	$ 896,474
Site	$ 924,049	$ 924,049	$ 924,049
	$ 17,829,458	$ 15,530,395	$ 9,816,869

Capital Costs – SEVTC

Southeastern Virginia Training Center		
Renovation Cost per FICAS		
Building	Benchmark 1	Benchmar 2
28	$ 1,209,756	$ 1,209,756
29	$ 1,209,756	$ 1,209,756
101	$ -	$ -
102	$ -	$ -
103	$ -	$ -
104	$ -	$ -
105	$ -	$ -
201	$ -	$ -
202	$ -	$ -
203	$ -	$ -
204	$ -	$ -
205	$ -	$ -
301	$ -	$ -
302	$ -	$ -
303	$ -	$ -
304	$ -	$ -
305	$ -	$ -
Leased	$ -	$ -
	$ 2,419,511	$ 2,419,511

ICF

Homes Built in the Commuinty		
Location	**Beds**	**Total Cost**
Bedford	8	$ 1,275,000
Madison Heights	8	$ 1,334,000
Danivlle	5	$ 1,079,160
Fairfax	6	$ 1,869,482
Warrenton	4	$ 740,520
Culpepper	4	$ 692,070
Stafford	8	$ 1,795,414
Average		
Estimate		
	16	**$ 3,446,668**