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March 14, 2003

Public Safety, Natural Resources, Transportation/Senate-Assembly Sub Committee

Budget Account 2561- Privatization

AZ, NM, ID, WY, WA, CA, MT, UT, and OR operate 17 state veteran nursing homes. OR, UT & MT have contracted homes.

These three states have indicated that they will continue with contracted homes, while there has been problems, the feeling is that quality of care is adequate. It is an opinion that a privately managed home could provide quality of life and care if it is properly overseen by the State Department of Veterans' Services. However, no private company would choose to manage a State Veterans Home without a significant profit. The question then becomes, would that profit be due to the private company being able to manage more efficiently because it was not encumbered by inefficient, possibly, archaic, state rules, or would that profit be due to the private companies' practice of cutting back on quality of care to the veterans of the home?

The quality of life and care can both be superior at the state veterans homes due to the fact that these home do not have to answer to a board of directors, or a group of share holders--- the veterans who reside in the home are the board of directors, and all the resources are targeted toward providing them with better staffing, dining and activities. There is an additional, intangible factor that comes with being in a State Veterans Home---it the combination of recognition for service, the acknowledgement that our veterans are "heroes", and the camaraderie of living with veterans, and re-living the experiences that made our residents veterans.

Cost comparisons are hard to come by. AZ private, non-va state home costs about \$155 per/day for one person in a semi-private room. The AZ State Veterans Home provides the same care for \$90.02 per/day.

Dr. Sewell, State Nursing Home Coordinator, MS Department of Veteran Affairs, state that after 13 years of operating a State Veterans Home thru private contractors, MS is now operating all four homes under the state. The decision to switch operational control was due to the overriding concern of lack of control over the quality of care and quality of life of the veteran residents.

EXHIBIT F Senate Committee on Finance

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