

COST OF RESIDENTIAL CARE  
FOR 1,545 RETARDED PERSONS  
IN COMMUNITY FACILITIES  
IN MINNESOTA

A SPECIAL STUDY

Prepared by the  
Minnesota Association for Retarded Children, Inc.  
6315 Penn Avenue S., Minneapolis, Minn. 55423

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## COSTS

According to a special survey of counties by the Minnesota Mental Retardation Planning Council, it now costs the counties \$2,583,899 to care for 1,545 mentally retarded in community facilities (annually). However, \$188,523 is paid toward this by parents and \$274,537 is received from other sources.

The net cost to the counties is \$2,120,839 annually, or an average of \$1,368 per person cared for.

## IF IN STATE INSTITUTIONS

If this same number were placed in state institutions, the annual cost of care would total \$4,644,278. However, \$286,648 could be expected from patients and parents and \$114,127 from counties, leaving a net cost of \$4,243,503, or an average of \$2,745 per person. These figures are based on the 1967-69 budget as recommended by the Governor. The amount paid by parents would increase by 48% along with the increased costs which are due to salary increases and staff additions.

Under the new plan, the cost to the state would be \$1,400 for each patient. Also, the state would be relieved of expanding the total number of patients cared for beyond 6,000. Cost of each living space is \$10,000 to construct.

Replacement spaces are needed at both Cambridge and Faribault.

## PROPOSAL

The proposal in S. F. 314, if adopted, would cost the state \$1,400 per patient as opposed to net state institution costs for 1967-69 of \$2,745.

It can well be argued that this group of 1,545 are not in state institutions; however, unless measures can be taken to assure proper development of present group and foster homes, which are very temporary in nature for the most part, there can be an expanded need for state institution space.

Historically, the state has provided long-term residential care not only for the retarded but also for the mentally ill, blind and deaf.

Community care has developed to meet a need for space which the state was not providing. These facilities usually kept people only 2 or 3 years, until space became available in state institutions.

Recognition of the fact that state institutions are overcrowded and understaffed has resulted in a virtual closing of the doors of these institutions. Only emergency cases are taken.

This development has resulted in a shifting of cost of longer term care from the state to the counties. During just the past year, the number receiving community residential care has increased from 1,293 to 1,545, an increase of 20%.

This shift of care is not bad and can be very good if proper facilities are developed. However, the most profoundly retarded will still need state institution care for the most part.

Another indicator of the above shift of responsibility is that in 1961 there were 6,565 mentally retarded in state institutions and in 1966, 6,000.

Some federal funds are available to community groups to aid in the construction of residential care facilities. The following groups have expanded or will build soon:

- \* Hammer School, Wayzata
- \* ECHO Home, Long Lake
- \* Lake Park-Wild Rice Children's Home, Fergus Falls
- \* Mount Olivet-Rolling Acres, Excelsior  
Roseau Children's Home, Roseau
- \* Cedar Child Care Center, Austin

Robert Milton Home, Redwood Falls

Greenbriar Home, St. Paul

The Angels, Minnetonka

\* Indicates non-profit facility.

## BACKGROUND MATERIAL

S.F. 314 - H.F. 796

### PROPOSAL

To equalize cost of residential care for the retarded and provide that the state pay the same proportion of cost for residential care when residential care is provided in the community.

At the present time, the state pays most of the cost of care in state institutions but none when provided in the community.

### BENEFITS OF PROPOSAL

1. There will be a sharing of the cost of care. The state will be relieved of continuing expansion of state institutions.
2. The cost of building one new space in a state institution is \$10,000. This investment for community residential care will be made under this plan by community organizations, churches, and private individuals.
3. Community residential facilities can be expanded and improved if a regular, reliable source of operating income can be provided. Most community residential placements are still regarded as temporary until state institution space becomes available. At present, plans for extended treatment and training are hampered by the temporary nature of placements.
4. A number of adult retarded would be eligible for aid to disabled which is 58.5% federal if they are in the community.
5. The state will still need to greatly improve its mental retardation institutions and replace old buildings. More staff is still needed.

It is our hope, however, to reduce the state institution problem to a manageable size, which will result in effective programs for those who need this care.

6. A system of small regional residential care centers should be developed.
7. This proposal could reduce the number of retarded cared for in the three large major institutions from nearly 6,000 to about 4,000.
8. The total number cared for in all state facilities would remain about the same -- 6,000.
9. There are now only 3,375 useable spaces in the three major institutions for the retarded.
10. About 600 new spaces are needed at present institutions for the mentally retarded to provide a planned 3,960 living spaces.

RESIDENTIAL CARE OF THE MENTALLY  
RETARDED IN MINNESOTA

PLACE OF CARE	NUMBER SERVED	PROPOSED
Faribault State School & Hospital	2,700	1,500
Cambridge State School & Hospital	1,500	1,000
Brainerd State School & Hospital	1,360	1,000
Owatonna State School	180	200
Lake Owasso Children's Home	130	130
Shakopee Children's Home	<u>30</u>	<u>30</u>
	5,900	3,960
Mental Hospitals	50	600
Private Care	1,500	2,040
Regional Institutions for the Retarded	-----	<u>1,400</u>
	<u>1,550</u>	<u>4,040</u>
TOTALS	<u><u>7,450</u></u>	<u>8,000</u>

COST OF RESIDENTIAL CARE FOR 1,545 RETARDED PERSONS IN  
FACILITIES OTHER THAN THEIR OWN HOMES OR STATE INSTITUTIONS

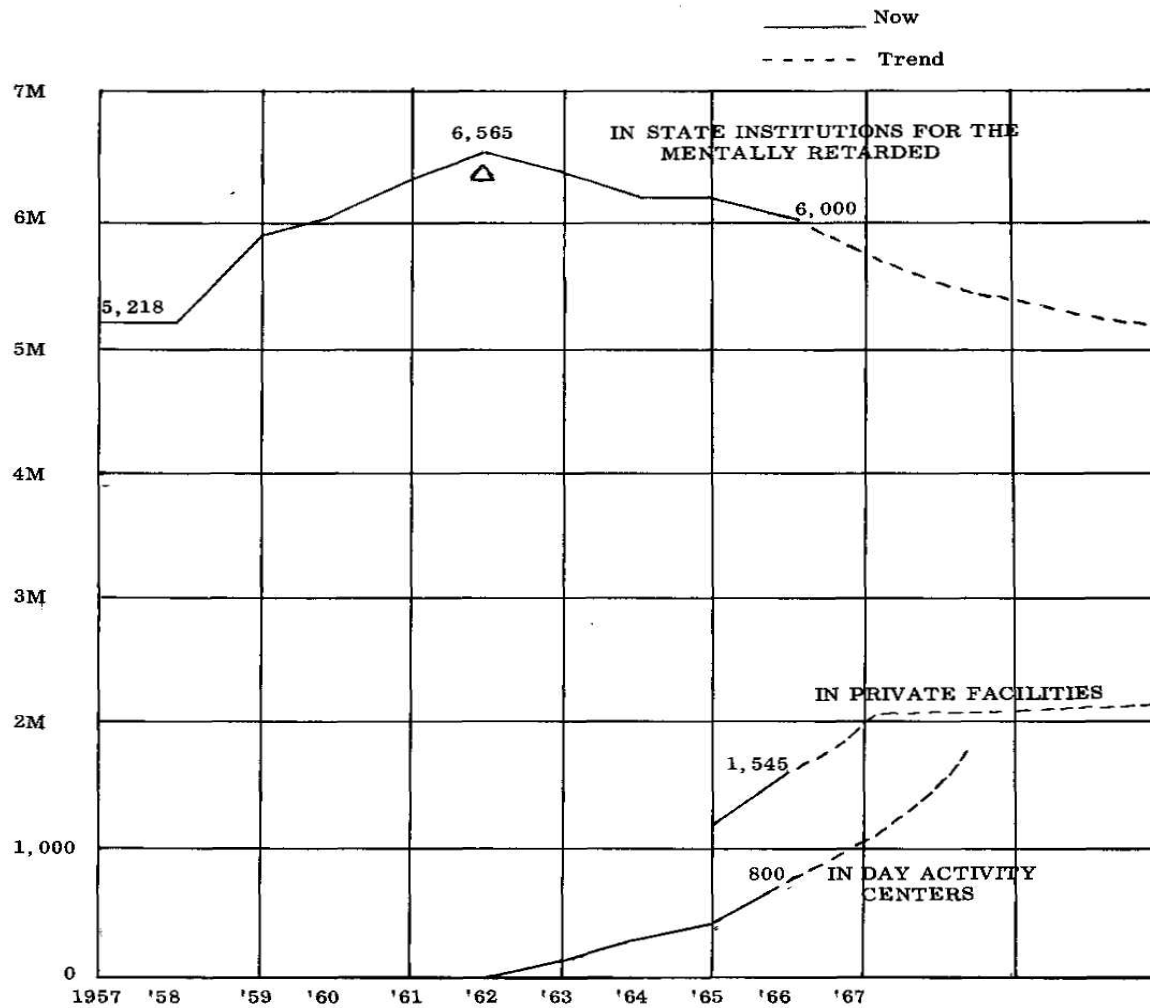
TABLE I

<u>A. UNDER PRESENT SYSTEM</u>		
Total annual cost of care	\$ 2,583,899	
Less amount paid by parents	188,523	
Less amount paid by other sources	<u>274,537</u>	
Net cost to counties	<u>\$ 2,120,839</u>	
Average cost per patient	\$ 1,368	
		<u>NEW RATES</u>
<u>B. IF PLACED IN STATE INSTITUTIONS</u>		
(1) Total annual cost of care at \$3,100	\$ 4,644,278	\$ 4,644,278
(2) Less amount paid by parents & patients	286,648	464,427
Less amount paid by counties	<u>114,127</u>	<u>114,127</u>
Net annual cost to state	<u>\$ 4,243,503</u>	<u>\$ 4,065,724</u>
(3) Average annual cost per patient	\$ 2,745	\$ 2,650
<u>C. UNDER PROPOSED PLAN</u>		
Total cost of care for 1,545	\$ 2,583,899	\$ 2,583,899
Less amount paid by patients & parents	2,583,899	464,427
Less amount paid by counties	286,648	<u>114,127</u>
	<u>114,127</u>	
Net cost to state	<u>\$ 2,183,124</u>	<u>\$ 2,005,355</u>
Average annual cost per patient	\$ 1,413	\$ 1,300

- (1) Calculation: \$37,154,230 is recommended by the Governor for 1967-69 to program for 6,000 retarded patients. One year or one-half = \$18,577,115.  $\$18,577,115 \div 6,000 = \$3,100$ .
- (2) During 1965-66, parents, patients and counties paid \$1,603,096. 1,545 equal 25% of 6,000 patients covered by this. 25% of \$1,603,096 is \$400,775.
- (3) This amount is overstated since an increase in costs also increases income from parents.

TRENDS IN STATE INSTITUTIONS, PRIVATE CARE FACILITIES  
AND DAY ACTIVITY CENTERS IN MINNESOTA

TABLE II



PARENT, PATIENT AND STATE SHARES

TABLE III

	PATIENT	PARENT	COUNTY	STATE
<b>NOW</b>				
State Institution	100% * (\$170)	10% (\$17)	\$10 Month " "	Balance (\$153)
Private Facility	100% (\$130 to \$250)	100% (\$130 to \$250)	100% (\$130 to \$250)	0% \$ 0
<b>PROPOSED</b>				
State Institution	100% (\$258)	10%(\$26)	\$10 Month	Balance (\$232)
Private Facility	100% (\$130 to \$250)	10%(\$26)	\$10 Month " "	Balance (\$104-\$224)
	** Avg. \$165			

\* State institution costs are charged on an average based on one year's operating cost for Faribault, Cambridge and Brainerd State Schools and Hospitals.

Actual costs vary from minus for working patients to near \$500 per month for infirmary patients.

\*\* Usually does not include medical costs.



S. F. 314 - H.F. 796

SUPPORTING DATA

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March, 1967

#### PROVISIONS OF BILL

1. To enable the state to participate in the cost of residential care for mentally retarded persons in other than state institutions.
2. State financial participation in the cost of residential care for mentally retarded persons in private facilities as defined in the bill would not exceed \$200 per month less 10% of the average monthly cost of residential care in state institutions for the retarded.
3. Parent financial participation in the cost of residential care in private facilities would be 10% of the average monthly cost of care in state institutions for the mentally retarded based upon the ability to pay as determined by the Commissioner, when parents are unable to pay any or all of this charge, the patient's county of residence will assume the responsibility.

## RESIDENTIAL CARE OF MENTALLY RETARDED PERSONS IN MINNESOTA

### INTRODUCTION

Due to changing concepts in the provision of care, treatment, and developmental training for mentally retarded persons and administrative efforts to reduce the population in state institutions for the retarded, a major portion of the responsibility for providing and financially supporting residential care for the mentally retarded has shifted from the state to the counties. The following report contains data indicative of this shift.

### STATE INSTITUTIONS FOR THE MENTALLY RETARDED

POPULATION TRENDS — The total average daily residence population of state institutions for the mentally retarded (Dec. 1966) was 5,523. The average daily resident populations of individual institutions are as follows:

Faribault	2,485
Cambridge	1,451
Brainerd	1,296
Owatonna State School	140
Lake Owasso Children's Home	122
Shakopee Children's Home	29
Total	<hr/> 5,523

The cost of maintaining and caring for a person in a state institution for the mentally retarded is approximately \$170 per month or about \$2,040 per year.

The total average daily resident population of the three major institutions--Brainerd, Cambridge and Faribault -- was 5,232 (Dec. 1966). Graph I - Appendix, shows the average daily resident populations from 1958 to 1966.

## STATE INSTITUTIONAL POPULATION TRENDS

Some significant changes have occurred in the populations of Minnesota's three major institutions. (See Graph I-Appendix) These changes have had a direct effect upon growth, development and utilization of community residential facilities.

From 1958 to 1962 was a period of rapid institutional growth. The population in our three major institutions increased from 4,936 to 5,779, an increase of 17%. Beginning in 1962, the population in these three institutions has been gradually declining. From 1962 to 1966, there has been a 3% decline in these populations.

## INSTITUTIONAL ADMISSIONS AND DISCHARGES

The decrease in the average daily resident population is the result of administrative efforts to reduce the population in these facilities. This was accomplished by two means: 1) restricting admissions, and 2) increasing the number of persons discharged. In every year since 1960, with the exception of 1964, the number of persons admitted to these three institutions has decreased. Only 45% as many persons were admitted in 1966 as in 1960. (See Graph II-Appendix.) At the present time, state institutions admit only emergency cases. In fact, an emergency waiting list exists at each institution.

From 1958 through 1961, discharges from these three institutions were relatively stable. About 80 persons were being discharged each year. However, in 1962, discharges increased from 89 in the previous year to 167, an increase of 88%. (See Graph III-Appendix.) Discharges markedly increased each fiscal year from 1962 to 1964. During fiscal year 1965, 238 persons were discharged, 2.7 times as many as in 1958.

## MINNESOTA POPULATION INCREASES

During the period 1960 - 1966, Minnesota's population increased from 3,422,000 to 3,576,000, an increase of 154,000 people. It is officially estimated that 3% of the population is mentally retarded. This means that there are presently 4, 620 more mentally retarded persons in Minnesota than in 1960. Official estimates are that 11% of this number have I.Q.'s below 52. This means that there are 508 more retarded persons needing very special services, a great number of whom need residential care out of their parental homes.

## DISCUSSION

The cumulative effects of

- 1) Increasing state population
- 2) Decreasing admissions to state institutions for the mentally retarded
- 3) Increasing discharges from state institutions for the mentally retarded

has been a significant shift of responsibility from the state to counties in two major areas:

- 1) Utilization and provision of residential care facilities other than state institutions. This has been partially accomplished through increased numbers and utilization of private group care facilities for the mentally retarded. The primary way counties have coped with this shift of responsibility has been through the tremendous increase in the utilization of foster boarding homes for residential placement of mentally retarded children;
- 2) Financial support of mentally retarded persons requiring placement in residential care facilities. The counties have had to assume the major responsibility in this area because the state does not participate in the cost of maintaining a mentally retarded person anywhere except in a state institution.

In addition to these two areas, the counties have accrued additional costs and responsibilities due to increased active case loads in their Welfare Departments requiring increased administrative and social work staffs.

## PRIVATE RESIDENTIAL FACILITIES FOR THE MENTALLY RETARDED IN MINNESOTA

Presently there are 18 private residential facilities for the mentally retarded in Minnesota. They have a licensed capacity of 711. There are presently 608 persons in residence in these facilities. They are filled to 86% of licensed capacity. Fees in these facilities range from \$135 to \$250 per month. The average monthly fee is \$164. Table I - Appendix, shows pertinent data concerning these facilities.

Based on the present populations and fees in private facilities for the mentally retarded in Minnesota, the total annual cost of caring for the 608 residents is \$1,196,544. At the present annual cost of state institutional care (\$2,040), it would cost \$1,240,320 to care for these people in a state institution. It costs \$437,760 less per year to maintain these people in private facilities than it would to care for them in state institutions.

At the present time, the cost for caring for the 608 persons in these private facilities is the responsibility of the counties and the parents. If these persons were placed in state institutions, the maximum cost to parents would be \$17 per month per resident, rather than the present monthly average cost of \$164. The maximum cost to counties would be \$10 per month per resident rather than the present average monthly cost of \$164.

State participation in the cost of caring for the people in these private facilities, under the proposed bill, would be \$1,039,452 annually. If these persons were to be placed in state institutions and the state were to recover the full 10% of the cost of institutional care (which the state does not), the annual cost to the state would be \$1,116,288, or, at the minimum, \$76,836 more than the proposed share of caring for these people in private facilities.

A STUDY OF MENTALLY RETARDED PERSONS THROUGHOUT MINNESOTA WHO ARE IN  
RESIDENTIAL CARE FACILITIES OTHER THAN STATE INSTITUTIONS

This study was conducted by the Minnesota Mental Retardation Planning Council in November, 1966. It contains data on 1,402 mentally retarded persons in residential facilities other than state institutions. The data represents the numbers of persons and the costs of care for the month of November, 1966. Assuming that this is a representative month, annual figures were derived. Data was gathered from 73 of the 87 counties in Minnesota (see Table II -Appendix).

The 73 counties who provided information for this study reported a total of 1,402 mentally retarded persons in residential facilities other than state institutions. The total monthly cost of care for these persons was \$191,560, an average monthly cost of \$136 per person. Computing on annual basis, the cost of care for these persons would be \$2,291,595, an average annual cost of \$1,634 per person.

The sources of financial support for these 1,402 persons came from three areas: counties, parents and "other sources". The following table shows the amounts from these sources.

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TABLE III

Source of Financial Support for Residential Care  
in Other Than State Institutions

	<u>Total Annual Cost</u>	<u>Average Annual Cost Per Person</u>	<u>Average Monthly Cost Per Person</u>
Counties	\$ 1,828,539	\$ 1,304	\$ 109
Parents	188,523	134	11
"Other"	274,533	196	16
	<u>\$ 2,291,595</u>	<u>\$ 1,634</u>	<u>\$ 136</u>

If these 1,402 persons were to be placed into state institutions, the total annual cost of this care would be \$2,860,080, or \$568,485 more than the present cost of care. In this study, the counties paid for 80% of the cost of care for these persons. If these 1,402 persons were placed in state institutions, the maximum cost to the counties would be \$168,240 per year, or 6% of the total cost. The maximum financial liability of the parents would be \$286,008.

Under the proposed bill (S.F. 314 - H.F. 796), the state would be responsible for a maximum of \$2,062,436 annually. This would be over \$500,000 less than the annual cost to the state if these 1,402 persons were to be placed into state institutions.

#### COST OF FOSTER CARE IN HENNEPIN COUNTY

The cost of foster care for mentally retarded children paid by Hennepin County totaled \$457,166.68, twice as much as the total cost in 1961. During the period 1961-66, the number of retarded children being supported by these payments in residential facilities out of their own homes increased from 170 to 317, an increase of 86%. The following table shows the numbers of mentally retarded children and the costs for their care paid by Hennepin County.

Year	No. of retarded children supported by county foster care payment	TABLE IV	
		Total annual cost to Hennepin County	Average annual cost per child
1961	110	\$ 229,199.95	\$ 1,348
1962	180	267,273.04	1,484
1963	198	278,674.16	1,407
1964	254	348,848.92	1,373
1965	264	400,273.40	1,516
1966	317	457,166.68	1,442

The data in the table above shows the increasing responsibility for greater numbers of retarded children being assumed by Hennepin County which contains 25% of Minnesota's population.



## CONCLUSIONS

1. Due to administrative efforts to reduce the population in state institutions for the mentally retarded, a major portion of the responsibility for the provision and financial support of residential care for the mentally retarded has been shifted from the state to the counties.
2. The average cost of residential care for the mentally retarded is less in private facilities than in state institutions.
3. It would cost the state less to participate in the cost of residential care in private facilities than to provide for these people in state institutions.
4. State participation in the cost of residential care in other than state institutions would facilitate the development of additional community facilities enabling selective placement of mentally retarded persons,
5. State participation in the cost of residential care in other than state institutions would enable further reduction in the state institutional population.

TABLE I - APPENDIX

<u>Name of Facility</u>	<u>Location</u>	<u>Monthly Fee</u>	<u>Licensed Capacity</u>	<u>Present Population (Dec.1966)</u>	<u>Mo. cost to state under proposed bill</u>
The Angels *	Minnetonka	\$ 165	35	35	\$148
Cedar Child Care Center	Austin	150	12	4	133
Champion Children's Home *	Duluth	175	39	39	158
Dorothe Lane Children's Home*	Sauk Centre	150	11	12	133
Hammer School	Wayzata	165-180	42	26	148-163
Julie Billiard Home*	Jackson	100-150	30	32	83-133
Lake Park-Wild Rice Children's Home	Fergus Falls	210	25	24	183
Lake View Home*	Sauk Centre	150	8	8	133
Laura Baker School	Northfield	235	55	29	183
Mount Olivet -Rolling Acres	Excelsior	160	13	14	143
Pettit Children's Home*	Sauk Centre	150	20	21	133
Richard Paul Foundation Home for Retarded Children	St. Paul	165	12	12	148
Roseau Children's Home Residential Care Center*	Roseau	150-200	45	48	133-183
Vasa Lutheran Children's Home	Red Wing	180	55	52	163
Welcome Homes*	St. Paul	250	41	39	183
Greenbriar	St. Paul	135	112	112	118
Outreach International	Minneapolis	135	135	80	118
Granite Boarding Care Home	Sauk Rapids	135	21	21	118
TOTALS			711	608	

\* Indicates ownership by private individuals.

Total annual cost - \$1,196,544  
Average monthly fee - \$164

Total cost to state under proposed bill - \$1,039,452  
Average monthly cost to state under proposed bill - \$142

TABLE II -APPENDIX

<u>Name of County</u>	<u>Population 1965</u>	<u>Estimated Total Number of Retarded Persons</u>	<u>Estimated Number of Persons I.Q. Below 52</u>	<u>Number of Persons in State Inst., July, 1965</u>	<u>Number in Private Facilities Nov., 1966</u>
Aitkin	11,793	354	39	48	16
Anoka	124,939	3,748	412	75	18
Becker	26,234	787	87	49	5
Beltrami	23,318	700	77	66	6
Benton	18,984	570	63	56	8
Big Stone	8,426	253	28	20	2
Blue Earth	46,662	1,400	154	86	6
Brown	28,554	857	94	61	7
Carlton	27,675	830	91	43	15
Carver	24,506	735	81	38	5
Cass	17,069	512	56	64	NI
Chippewa	16,196	501	55	37	4
Chisago	13,812	414	46	26	15
Clay	40,277	1,208	133	53	11
Clearwater	8,199	246	27	13	NI
Cook	3,988	120	13	7	NI
Cottonwood	15,530	466	51	32	NI
Crow Wing	33,445	1,003	110	85	24
Dakota	104,019	3,121	343	105	NI
Dodge	12,746	382	42	35	1
Douglas	22,205	666	73	37	4
Faribault	22,039	661	73	45	13
Fillmore	22,447	673	74	32	5
Freeborn	37,126	1,114	123	56	3
Goodhue	33,354	1,001	110	69	NI
Grant	9,060	272	30	18	1
Hennepin	884,868	26,546	2,920	1,189	473
Houston	16,315	489	54	20	17
Hubbard	9,965	299	33	30	1
Isanti	15,096	453	50	25	1
Itasca	34,798	1,044	115	57	14
Jackson	13,531	406	45	23	5
Kanabec	9,253	278	31	19	18
Kandiyohi	29,582	887	98	44	18
Kittson	7,477	224	25	28	2
Koochiching	18,129	544	60	49	2
Lac Qui Parle	12,946	388	43	19	8
Lake	12,514	375	41	16	6
Lake of the	3,565	107	12	7	1
LeSueur	20,311	609	67	31	6
Lincoln	10,106	303	33	23	NI
Lyon	22,112	663	73	29	4
McLeod	26,080	782	86	45	NI
Mahnomen	6,382	191	21	22	NI
Marshall	14,429	433	48	26	7

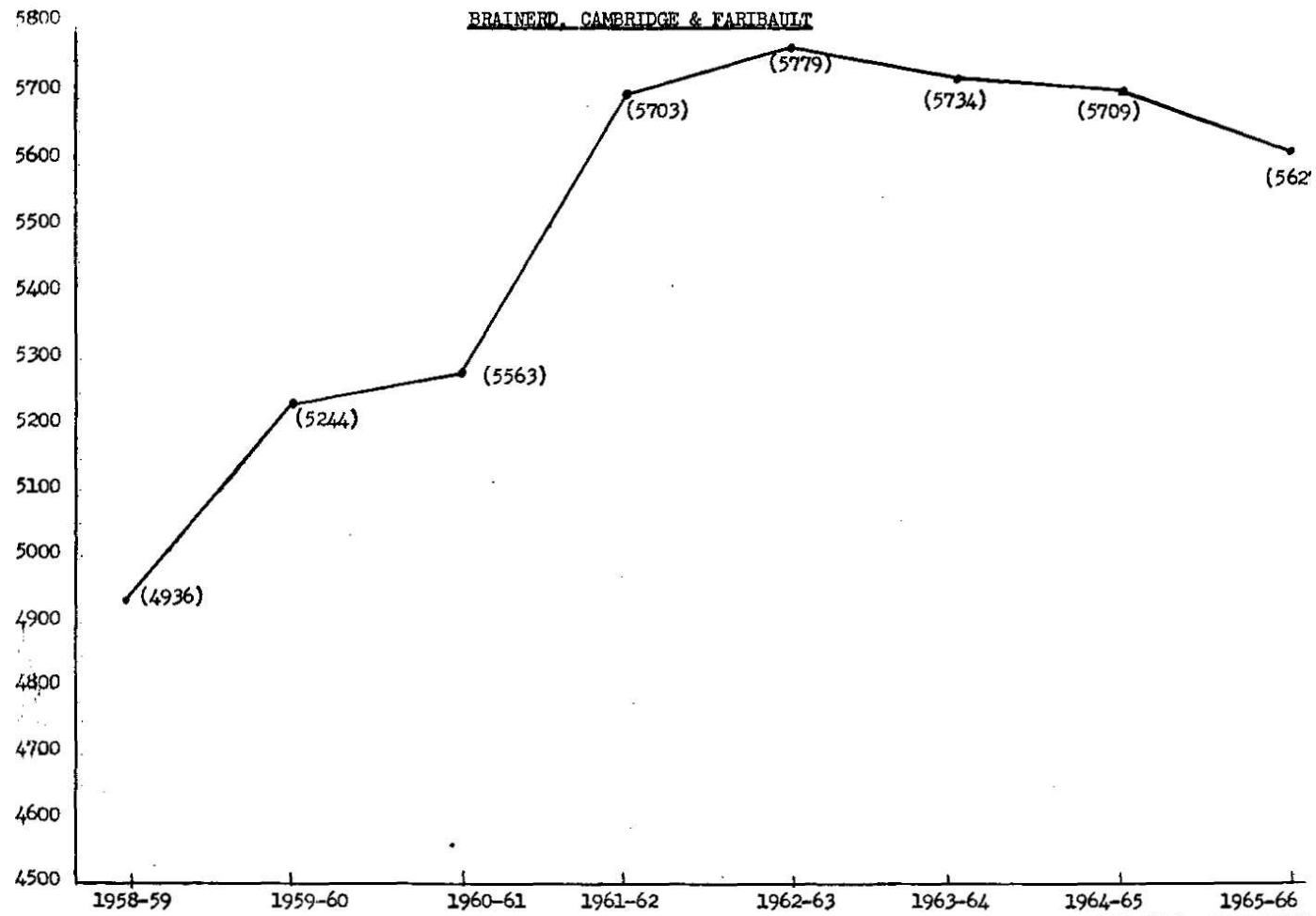
## Tahiti H - Appendix (continued)

<u>Name of County</u>	<u>Population 1965</u>	<u>Estimated Total Number of Retarded Persons</u>	<u>Estimated Number of Persons I.Q. Below 52</u>	<u>Number of Persons in State Inst., July, 1965</u>	<u>Number in Private Facilities Nov., 1966</u>
Martin	25,250	757	83	40	5
Meeker	18,545	556	61	28	7
Mille Lacs	15,989	480	53	24	13
Morrison	27,054	812	89	75	7
Mower	44,690	1,341	148	74	7
Murray	14,134	424	47	23	4
Nicollet	23,773	713	78	22	1
Nobles	23,501	705	78	38	3
Norman	11,426	343	38	31	5
Olmsted	70,332	2,110	232	93	24
Otter Tail	49,772	1,493	164	88	3
Pennington	11,913	357	39	19	4
Pine	17,003	510	56	45	NI
Pipestone	13,349	400	44	26	2
Polk	35,486	1,065	117	69	10
Pope	11,949	358	39	25	4
Ramsey	434,730	13,042	1,435	712	396
Red Lake	6,533	196	22	24	6
Redwood	21,184	636	70	41	16
Renville	21,367	641	71	58	2
Rice	40,575	1,217	134	85	5
Rock	10,508	315	35	19	NI
Roseau	11,182	335	37	34	2
St. Louis	219,332	6,980	768	386	NI
Scott	28,358	851	94	38	NI
Sherburne	15,421	463	51	27	2
Sibley	16,510	495	54	21	5
Stearns	87,612	2,628	289	154	48
Steele	26,666	800	88	30	NI
Stevens	11,632	349	38	14	6
Swift	14,577	437	48	33	1
Todd	24,359	731	80	57	3
Traverse	7,235	217	24	17	1
Wabasha	16,063	482	53	33	2
Wadena	12,808	384	42	21	6
Waseca	15,376	461	51	31	3
Washington	66,970	2,009	221	72	NI
Watonwan	13,229	397	44	33	7
Wilkin	10,174	305	34	26	1
Winona	41,339	1,240	136	64	25
Wright	32,886	986	108	43	5
Yellow Medicine	14,146	424	47	38	9
State Total	3,555,000		106,650 11,731	5,729	1,402

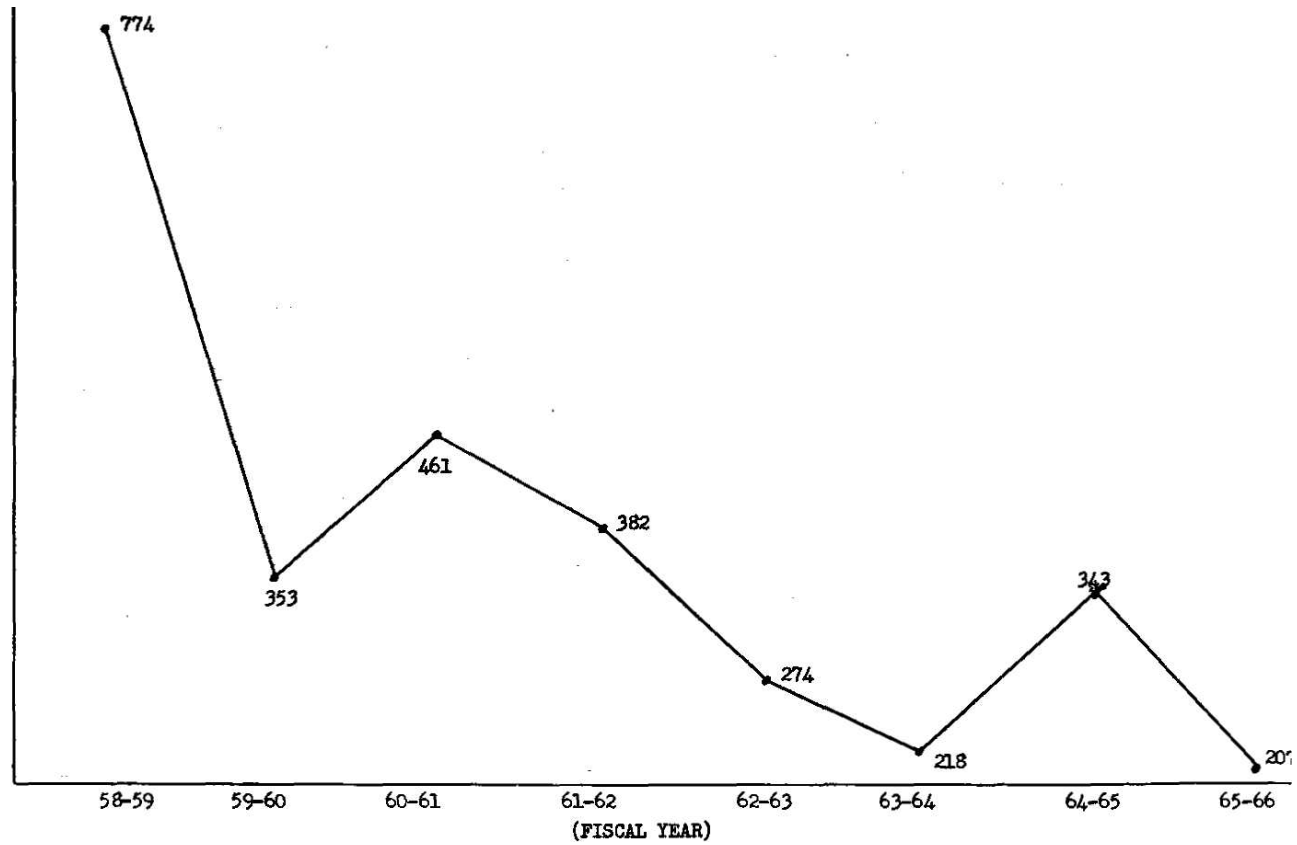
GRAPH I

AVERAGE DAILY RESIDENT POPULATION: 1958-66

BRainerd, CAMBRIDGE & FARIBAUT



GRAPH II  
PATIENTS ADMITTED AT THREE MAJOR  
INSTITUTIONS FOR THE MENTALLY RETARDED -  
BRAINERD, CAMBRIDGE, FARIBAULT



GRAPH III  
TOTAL NUMBER OF PATIENTS DISCHARGED - 1958-  
66 BRAINERD, CAMBRIDGE, & FARIBAULT

