

D. NEEDS AND PROSPECTIVE CAPITAL OUTLAYS

1. CAPITAL REQUIREMENTS

The capital requirements for long-term care facilities for the decade 1966-75 are:

	<i>Millions</i>
Backlog of unmet needs as of June 30, 1965.....	\$3, 186. 3
Total additional requirements through June 30, 1975.....	3, 044. 0

Total estimated need..... 6, 230. 3

- (a) Hill-Burton State plans for fiscal year 1966 provided the basic terms of long-term care beds—for developing estimates of capital needs for long-term care facilities. From these plans, totals were derived for (1) total existing beds, (2) total needed, (3) beds to be modernized, and (4) beds needed over above the present supply. Dollar estimates were obtained by using an average cost of \$10,000 per bed to the national estimates of beds to be modernized and additional beds needed. Experience with the Hill-Burton program has indicated that, on a cost-per-bed basis, there are relatively minor differences between the cost of new construction and the costs of modernizing obsolete facilities.

Projections of the costs of modernization and needed additional long-term care beds were based on the following assumptions and conditions: (1) population growth, (2) a 3-percent obsolescence rate per year or an assumption of a 33-year "life," (3) an annual increase in capacity at the average rate which has obtained over the past years with a gradual lowering of the rate toward the end of the decade, (4) maintenance of the current estimated needs for beds in long-term care of beds per 1,000 population, and (5) maintenance of the estimated current volume of nonfederally aided construction for the years of the decade with a gradual "leveling off," thereafter.

- (b) The estimated capital needs (in millions) for long-term care facilities are as follows:

	Total	Modernization	Additional capacity
Backlog of unmet needs as of June 30, 1965.....	\$3, 186. 3	\$1, 882. 6	\$1, 303. 7
1966.....	227. 0	125. 0	102. 0
1967.....	242. 0	138. 0	104. 0
1968.....	256. 0	150. 0	106. 0
1969.....	273. 0	165. 0	108. 0
1970.....	293. 0	180. 0	113. 0
1971.....	312. 0	195. 0	117. 0
1972.....	331. 0	210. 0	121. 0
1973.....	351. 0	225. 0	126. 0
1974.....	370. 0	240. 0	130. 0
1975.....	389. 0	255. 0	134. 0
Total, backlog plus increments.....	6, 230. 3	3, 765. 6	2, 464. 7

- (c) It is not feasible to estimate the proportions of these needs by community.

- (d) The proportion of the estimated capital outlays to be expended by non-Federal entities is 100 percent. There is no feasible method of breaking this down among the non-Federal entities.