BUDGET COMMITTEE ON INSTITUTIONAL SERVICES

The Budget Committee on Institutional Services was assigned six areas of responsibility. Section 31 of Senate Bill No. 2012 directed a study of the feasibility and desirability of collocating the Developmental Center and the State Hospital at one location and the feasibility and desirability of transferring additional buildings on the State Hospital grounds to the Department of Corrections and Rehabilitation. Senate Concurrent Resolution No. 4044 directed a study of the feasibility and desirability of consolidating under the School for the Blind all programs and services provided to children and adults who are blind or visually impaired. Section 22 of Senate Bill No. 2012 directed a study of residential treatment centers and residential child care facilities, including occupancy rates, the number of out-of-state residents, and the need for additional facilities.

Section 3 of Senate Bill No. 2168 provided that the Legislative Council receive reports from the Department of Human Services regarding grants awarded or loans approved for alternative nursing facility programs pursuant to provisions of this bill. Senate Bill No. 2038 provided that the Legislative Council receive reports from the Department of Human Services regarding the establishment of a traumatic brain-injured facility in western North Dakota. Section 2 of Senate Bill No. 2034 provided that the Department of Human Services present a final progress report to the Legislative Council by June 30, 2000, regarding the progress of the Alzheimer's and related dementia projects established under North Dakota Century Code (NDCC) Section 50-06-14.4. These responsibilities were assigned by the Legislative Council to the Budget Committee on Institutional Services.

Committee members were Representatives Merle Boucher (Chairman), LeRoy G. Bernstein, Jeff Delzer, Rod Froelich, William E. Gorder, Scot Kelsh, Joe Kroeber, Ralph Metcalf, and Chet Pollert and Senators David E. Nething, Harvey Sand, Wayne Stenehjem, and Harvey D. Tallackson.

The committee submitted this report to the Legislative Council at the biennial meeting of the Council in November 2000. The Council accepted the report for submission to the 57th Legislative Assembly.

COLLOCATING THE DEVELOPMENTAL CENTER AND STATE HOSPITAL

Section 31 of Senate Bill No. 2012 directed the Legislative Council to study the feasibility and desirability of collocating the Developmental Center and the State Hospital at one location and the feasibility and desirability of transferring additional buildings on the State Hospital grounds to the Department of Corrections and Rehabilitation.

Constitutional Provisions

Constitutional provisions that require the State Hospital to be located in Jamestown and the Developmental Center in Grafton include:

1. Article IX, Section 12, provides that certain public institutions of the state "are permanently located at the places hereinafter named" and further provides that a portion of the grant lands made available by an Act of Congress, "the Enabling Act," are to be allocated to these institutions. Two of the public institutions named are a "state hospital for the insane at the city of Jamestown, in the county of Stutsman" and "located at or near the city of Grafton, in the county of Walsh, an institution for the feeble-minded."
2. Article IX, Section 13, provides a grant of lands for a "state hospital for the mentally ill at such place within this state as shall be selected by the legislative assembly."

State Hospital Services and Funding

The State Hospital provides mental illness services, substance abuse and addiction services, and services to children with serious emotional disorders. The 1999-2001 appropriation for the State Hospital totals $50.9 million, $35.2 million of which is from the general fund. The committee received information regarding the number of staff by category, budget information by program, and operating costs per day. The committee learned the State Hospital is authorized 537.1 full-time equivalent (FTE) positions, and its 1999-2001 budget is based on an average patient population of 161. The schedule below presents the average daily population of the State Hospital in recent years:

Fiscal Year	Average Daily Population
1996	229
1997	223
1998	221

1999	179
2000	154

Developmental Center Services and Funding

The Developmental Center is a certified intermediate care facility for the mentally retarded. Its 1999-2001 appropriation totals $39.2 million, $9.4 million of which is from the general fund. The committee received information on the number of staff by category, budget information by program, and operating costs per day. The committee learned the Developmental Center is authorized 481.3 FTE positions, and its 1999-2001 biennium budget is based on an average population of 150.

The schedule below presents the average daily population of the Developmental Center in recent years:

Fiscal Year	Average Daily Population
1996	148
1997	150
1998	145
1999	140
2000	149

Major program areas of the Developmental Center include:

1. Day/residential - Provides training and assistance with daily living activities.
2. Health/clinical - Provides assessment therapy, training, and supportive services.
3. Administration - Provides leadership, training, support, resources, and maintenance of the center's programs and infrastructure.
4. Safety net - Provides specialized evaluation treatment or crisis management services.

Additional Uses of State Hospital Facilities by the Department of Corrections and Rehabilitation

The 1997 Legislative Assembly provided an appropriation of $11.9 million, $7.4 million of which was from the general fund, for the Department of Corrections and Rehabilitation to purchase and renovate three buildings on the State Hospital grounds for use as a 240-bed medium security prison and to operate the facility during the 1997-99 biennium. The Department of Corrections and Rehabilitation purchased three buildings--the extended treatment building, the forensics unit building, and the gymnasium building. The department renovated four of the six floors of the extended treatment building and the gymnasium building and began operating the James River Correctional Center on the State Hospital grounds in June 1998. The 1999 Legislative Assembly appropriated $2,353,000 of special funds for renovating the fifth and sixth floors of the James River Correctional Center which will add capacity for another 110 inmates in the facility. The committee learned that because of delays in receiving the federal funds for the project, it will not be operational until June 2001 rather than November 2000 as originally projected.

The committee reviewed inmate populations and projected inmate populations as follows:

	Total Inmate Population	Inmates Housed Out of State
June 1997	770	0
June 1998	910	0
June 1999	932	0
May 2000	1,003	54
June 2001 estimate	1,078	107

The committee heard testimony from representatives of the Red River Regional Council expressing interest in opening a privately operated prison in Pembina County which would provide the Department of Corrections and Rehabilitation an alternative to

housing its inmates out of state.

The committee learned the department plans to include approximately $2 million in its 2001-03 biennium budget request to renovate the State Hospital's employee building, located east of the James River Correctional Center, for use as a women's unit. The building is only being partially used for housing of State Hospital employees.

The committee learned the department currently has unused beds on the women's unit floor at the James River Correctional Center. The unit's capacity is 80 medium security inmates; however, the department generally has only between 45 and 50 women in the unit. In addition, the department has approximately 20 to 25 minimum security women inmates at the Missouri River Correctional Center. The new facility would house up to 125 minimum and medium security women inmates now housed at the James River Correctional Center (medium security) and the Missouri River Correctional Center (minimum security).

The Department of Corrections and Rehabilitation identified the following other possible uses for State Hospital buildings:

1. The State Hospital day care building located west of the James River Correctional Center could potentially be used to house the James River Correctional Center administrative offices if the second and third floors are renovated.
2. Once the fifth and sixth floors of the James River Correctional Center are renovated and if a separate women's unit becomes operational, the department will need expanded food service and laundry facilities. The department could share or operate the food service and laundry facilities of the State Hospital.
3. The State Hospital's dairy barn could be used for storage for Roughrider Industries.

Benefits and Concerns of Collocation

The committee received testimony and reviewed the following potential benefits of collocating the State Hospital and the Developmental Center:

1. Administrative and support department costs may be reduced.
2. Professional and medical resources may be consolidated that could result in cost-savings and sharing of expertise.
3. The number of buildings to be maintained may be reduced and the existing physical plants could be better-utilized.
4. Improved efficiencies could be gained by no longer operating two separate facilities.
5. The central location of Jamestown could reduce travel.
6. The newer buildings at Grafton could reduce maintenance costs.
7. Both the Developmental Center and the State Hospital have buildings available for housing patients; however, program space at either location is an issue and extensive remodeling would be required.
8. The vacated buildings at either Jamestown or Grafton could be used by other state agencies.
9. The Department of Corrections and Rehabilitation could expand its prison facilities at Jamestown if the State Hospital was collocated with the Developmental Center.

The committee received testimony and reviewed the following concerns and issues related to collocating the State Hospital and Developmental Center:

1. Remodeling or building at either location to meet the needs of the two diverse population groups would require substantial funding.
2. There are financial and morale issues associated with uprooting employees and their families to move to another location.
3. The reduction in force and the associated implications would need attention.
4. Economic issues for the city that loses its institution would need to be considered.
5. The constitution would need to be amended.
6. Advocates and families would have concerns regarding the mixing of the two populations.
7. The Developmental Center is already renting out space on its campus and planning for retirement housing.
8. Future prison expansion on the State Hospital campus would be limited.
9. There would be a potential impact on the accreditation status of both institutions.
10. Housing in either city for an influx of employees may not be adequate.
11. State Hospital wards are arranged for short-term stays while the Developmental Center has home-like living units for long-term stays.
12. Recruitment of professional staff is a concern.
13. Perceptions associated with the location of three diverse populations at the Jamestown campus would require attention.

Estimated Costs of Collocation

The committee reviewed the estimated costs of collocating the State Hospital and Developmental Center. The committee learned that both campuses have space available to locate the residents of the other facility; however, the space at either site would need to be remodeled. The State Hospital has two buildings-- No. 15 and No. 8--that could serve a population of 140 residents

from the Developmental Center. The estimated cost of remodeling these two buildings is approximately $7.2 million. The Developmental Center has three possible buildings (Prairie View, Pleasant View, and Midway) available to house the 165 patients from the State Hospital. The estimated remodeling cost for these buildings would total approximately $8.1 million.

The committee reviewed the following schedules prepared by the Department of Human Services of the estimated fiscal effect of collocating the State Hospital at the Developmental Center in Grafton and the estimated fiscal effect of collocating the Developmental Center at the State Hospital in Jamestown:

Estimated Fiscal Effect of Collocating the State Hospital at the Developmental Center in Grafton	
Projected biennial general fund cost-savings (includes a reduction of 77.5 FTE positions)	$8,150,797
Less increased general fund costs	
Maintenance of the facility in Jamestown	(2,732,177)
Reduction in State Hospital federal funds (State Hospital rates are based on costs divided by patient days; therefore, decreasing costs result in decreasing medical assistance revenue.)	(1,149,399)
Reduction in State Hospital other funds (State Hospital rates are based on costs divided by patient days; therefore, decreasing costs result in decreasing other insurance and private pay revenue.)	(1,326,206)
Reduction in Developmental Center federal funds (Title XIX nonallowed expenses allocated to State Hospital)	(1,078,575)
Reduction in Developmental Center other funds (loss of lease rental revenue)	(34,536)
Total net general fund savings per biennium	$1,829,904

Estimated Fiscal Effect of Collocating the Developmental Center at the State Hospital in Jamestown	
Projected biennial general fund cost-savings (includes a reduction of 62 FTE positions)	$6,527,052
Less increased general fund costs	
Maintenance of facility in Grafton	(2,274,235)
Reduction in Developmental Center federal funds (reduction in operating budget and loss of allowed depreciation)	(6,970,581)
Reduction in Developmental Center other funds (loss of charges for services revenue)	(531,836)
Reduction in State Hospital federal funds (Current support and administrative costs at the State Hospital would also be allocated to the Developmental Center patients resulting in a decrease in State Hospital rates and lower medical assistance revenue.)	(200,000)
Reduction in State Hospital other funds (Current support and administrative costs at the State Hospital would also be allocated to the Developmental Center patients resulting in a decrease in State Hospital rates and lower other insurance and private pay revenue.)	(175,000)
Total net general fund costs per biennium	($3,624,600)

The committee learned the estimated cost of constructing a new facility to house either the State Hospital or the Developmental Center would be $9.6 million, based on a construction cost of $120 per square foot.

Other States' Experiences

The committee received information on other states' experiences of collocating services for people with developmental disabilities and serious mental illnesses. The committee learned that in Georgia, a developmental disabilities facility with a population of 600 moved 100 of its residents into a mental health hospital located three miles away. In Illinois, a facility has both clients with developmental disabilities and mental health needs; however, the facility is reorganizing to provide services to individuals with developmental disabilities with one program team and individuals with mental health needs by another program team. Because people with developmental disabilities receive long-term services and people with mental health needs receive short-term services, it is necessary to have separate program teams.

The committee learned that in both Georgia and Illinois, the facilities' representatives agreed that combining administrative and ancillary services is beneficial; however, accreditation and staff concerns result when program services to these populations are combined.

State Hospital - Developmental Center Shared Services

The committee reviewed the possibilities of reducing total costs as a result of the State Hospital and Developmental Center sharing services as an alternative to collocation.

The following are potential areas for shared services identified by the committee:

1. Combining staff resources in the following areas:
    a. Computer systems and personnel.
    b. Human resources.
    c. Business office.
    d. Medical records.
    e. Centralized purchasing.
    f. Staff development and education.
    g. Quality assurance.
    h. Food service, laundry, and engineering.
    i. Psychiatry and medical services.
    j. Adaptive equipment programs.
    k. General administration.
2. Combining the superintendent positions.
3. Contracting for services.
4. Training for staff.
5. Combining residential leader positions.
6. Combining support services leadership positions.
7. Transferring selected developmentally disabled clients currently receiving services at the State Hospital to the Developmental Center in order for these individuals to be eligible for federal funding at the Developmental Center. Services provided at the State Hospital are not eligible for medical assistance reimbursement and are paid for from the general fund.

The committee learned the institutions began sharing the following services during the 1999-2000 interim:

1. Superintendent's position - With the resignation of the Developmental Center superintendent during the interim, the Department of Human Services named the State Hospital superintendent as superintendent of both institutions.
2. Psychology contract.
3. Combined information systems department.
4. Joint strategic planning.

Other proposals for sharing and collaborating at the two institutions under consideration include:

1. Combining the two financial officer positions effective January 1, 2001, due to the retirement of one individual.
2. Hiring a support services director to oversee both institutions' engineering, maintenance, safety, and security functions by 2001.
3. Combining the two human resources departments by 2001.
4. Combining the program director of adult psychiatric services with the program director of substance abuse services to create an adult services department at the State Hospital (this will occur upon the retirement of the program director of adult psychiatric services).

The committee reviewed the estimated cost savings resulting from the shared services. The committee learned the changes

already implemented have resulted in an estimated biennial savings of $435,000, and the proposed changes will result in an additional $500,000 of savings for a total savings of $935,000 each biennium.

Sexual Offender Treatment Program

The committee reviewed the State Hospital sexual offender treatment program. The committee learned the program serves seven individuals and may serve up to 40 individuals in the future. The hospital has 11 beds available for this program. The cost of treatment for each patient is $541 per day, and treatment services generally are necessary for 6 to 10 years.

The committee reviewed information on the status of the implementation of 1997 House Bill No. 1047 relating to the sexual offender treatment program. The committee learned the bill established a judicial procedure for committing sexually dangerous predators similar to the procedure used for committing a mentally ill individual to the State Hospital. The committee learned two of the seven individuals in the program may have been admitted as a result of a plea agreement. The committee learned the interim Judiciary Committee was conducting a study of the statutory provisions relating to sexual offender commitment procedures.

The committee expressed a concern regarding the possibility of individuals being admitted to the sexual offender treatment program as a result of a plea bargain agreement and stated that civil commitments to the sexual offender treatment program at the State Hospital were not intended to be an alternative to criminal prosecution.

Conclusion

Although the committee does not make a specific recommendation regarding the collocation of the Developmental Center and the State Hospital, committee members expressed their support for the cooperation and collaboration that has occurred between the two institutions and the resulting cost-savings.

VISION SERVICES STUDY

Senate Concurrent Resolution No. 4044 directed the Legislative Council to study the feasibility and desirability of consolidating under the School for the Blind all programs and services provided to children and adults who are blind or visually impaired.

Available Vision Services

The committee reviewed information on vision services available in North Dakota. The committee learned an estimated 15,822 individuals in North Dakota have a moderate or severe visual impairment. Of this total, 9,609 are aged 55 or older, 5,946 are aged 16 through 54, and 267 are aged 21 and younger. Because the 0 through 21 and 16 through 54 age categories overlap, the North Dakota Census Data Center estimates that 11 persons with visual impairments may be shown in both categories.

The committee learned vision services are provided to persons with visual impairments by:

1. The School for the Blind.
2. The Department of Human Services - Vocational Rehabilitation Division.
3. The Department of Human Services - Infant development program.
4. The State Library.
5. School districts.
6. Independent living centers.

Vision-specific services are primarily provided by the School for the Blind and the Vocational Rehabilitation Division of the Department of Human Services. Services provided by the School for the Blind include family and adult services, outreach and in-home support services, technology and library services, skills training, summer camps, orientation and mobility training, and curriculum services. Services provided by Vocational Rehabilitation include medical evaluations, vocational evaluations, training and placement services, visual aids if necessary for work, reader services, telecommunications and other technological aids and devices, individual counseling, and other work-related support services.

The majority of the vision-specific services provided by the School for the Blind are provided to individuals who are blind or visually impaired between the ages of 0 and 21. The majority of vision-specific services provided by the Vocational Rehabilitation Division are provided to individuals who are blind or visually impaired aged 55 and over or visually impaired individuals aged 16 to 54 who are seeking employment.

The committee learned services are generally not available to persons between the ages of 21 and 54 who are blind or visually impaired and who are not seeking employment. The following schedule presents the numbers of individuals served by the School

for the Blind and the Vocational Rehabilitation Division each year and the percentage of the total number of visually impaired individuals in the state who are being served. The schedule only reflects services provided to individuals who are moderately or severely visually impaired, and the agencies may provide additional services to individuals whose visual impairments are not as severe.

Age	Visually Impaired Persons Served By			Estimated Total Number of Visually Impaired Persons	Percentage Served
	School for the Blind	Vocational Rehabilitation Division	Total		
0-21	162	0	162	267	60.7%
16-54	98	181	279	5,946	4.7%
55 and over	7	695	702	9,609	7.3%
Total	267	876	1,143	15,822	7.2%

The following schedule reflects funding available for vision services at the School for the Blind and the Vocational Rehabilitation Division for the 1999-2001 biennium:

School for the Blind		Department of Human Services - Vocational Rehabilitation Division - Vision Services	
Salaries and wages - 28 FTE	$2,391,456	Salaries and wages - 10 FTE	$723,498
Operating expenses	678,059	Operating expenses	210,961
Equipment	70,500	Equipment	7,925
Capital improvements	51,790	Capital improvements	830
		Grants	155,407
Total all funds	$3,191,805	Total all funds	$1,098,621
Less estimated income	1,002,577	Less estimated income	868,004
Total general fund appropriation	$2,189,228	Total general fund appropriation	$230,617

Other available vision services include:

- The State Library provides books on tape, large print books, and the Dakota Radio Information Service. The talking book program is available across the state and serves approximately 2,400 individuals. The Dakota Radio Information Service broadcasts live daily programs that provide information read from local newspapers to 570 listeners.
- School districts provide vision services through special education units for visually impaired students attending public schools.
- The Department of Human Services infant development program provides early intervention services for children with disabilities from birth through age 2, including vision-related disabilities. Services available include in-home assistance, parent training, occupational therapy, physical therapy, and speech therapy.
- Independent living centers provide services to individuals with disabilities, including vision-related disabilities. Core services of independent living centers include independent living skills training, peer counseling, information and referral, self-advocacy, and systems advocacy.

Barriers to Services

Based on information provided by state agencies, private providers, other organizations, and consumers, the committee learned the following items may restrict individuals with visual impairments from accessing services:

1. Lack of health insurance coverage for vision rehabilitation services.
2. Fiscal disincentives for visually impaired individuals who seek and obtain employment.

3. Lack of awareness of the availability of vision services.
4. Lack of funding to provide additional needed services.
5. Time delays in determining an individual's eligibility for services.
6. Requirement that individuals be seeking employment in order to access services under the vocational rehabilitation employment program.
7. Difficulties in reactivating cases that may have been closed.
8. Travel required to access certain services.
9. Fees required to access certain services.
10. Eligibility requirements associated with the level of vision loss needed to access services.
11. Fragmentation of services for adults because two agencies are involved in providing vision services.
12. Confusion regarding the appropriate service provider to contact.
13. Denial of the need for services or lack of confidence regarding the ability to learn necessary changes.

Committee Considerations

Based on the committee's review of vision services available in the state, the number of individuals accessing the services and input from interested agencies, organizations, and individuals, the committee considered alternative bill drafts providing the following four options for improving the delivery and administration of vision services in North Dakota:

1. Consolidating all vision services under the School for the Blind.
2. Consolidating all vision services under the Department of Human Services.
3. Consolidating all vision services under a separate agency with its own governing board.
4. Continuing the current administrative structure of the School for the Blind and the Vocational Rehabilitation Division vision services program but clarifying that the School for the Blind is responsible for serving persons of all ages with visual impairments.

The committee received testimony regarding the various options for administering and delivering vision services in the state from representatives of state agencies, private providers, other organizations, and consumers that suggested:

1. Improving the access and availability of vision services.
2. Improving public awareness of the vision services available.
3. Expanding partnerships and improving cooperation and collaboration among vision service providers.
4. Coordinating vision services.
5. Establishing an independent board with members who are blind or visually impaired to oversee the provision of vision services.
6. Receiving more home or community-based services rather than center or institution-based services.
7. Establishing peer counseling programs and expanding support groups.
8. Providing vision services by vision specialists rather than general vocational rehabilitation counselors.
9. Expanding the use of the independent living centers to serve additional persons who are blind or visually impaired.
10. Continuing to allow the teachers at the School for the Blind to provide assistance to teachers in local school districts across the state.
11. Consolidating all vision services under the School for the Blind. This option:
    a. May result in a concentration of staff in one-quarter of the state that may cause service coordination problems.
    b. Could cause a disruption in services for the elderly population during the transition period.
    c. Would improve the accountability for the vision services being provided.
    d. Would enable all vision services to be provided by vision specialists rather than general vocational rehabilitation counselors.
    e. Would make the majority of individuals who are blind or visually impaired feel more comfortable with the School for the Blind remaining under the administrative structure of the Department of Public Instruction.
    f. Would create difficulties in serving persons with multiple disabilities.
12. Consolidating all vision services under the Department of Human Services. This option:
    a. May require a constitutional change.
    b. Would emphasize regional service delivery through the human service centers.
    c. Could cause a disruption in services for children during the transition period.
    d. Would expand the use of independent living centers.
    e. Would provide opportunities for better communications with other community services.
13. Consolidating all vision services under a separate vision services agency. This option:
    a. Would result in more efficient and cost-effective services.
    b. Would improve the accountability for the vision services being provided.
    c. May require a constitutional change.
    d. May lead to the creation of additional state agencies to serve other specific disability groups.
    e. Could cause a disruption in services during the transition period.
    f. Would create difficulties in serving persons with multiple disabilities.

g. Would result in duplicative reporting to comply with federal vocational rehabilitation funding requirements.
h. Would enable all vision services to be provided by vision specialists rather than general vocational rehabilitation counselors.
i. Would improve communications.

14. Continuing the current administrative structure but enhancing service delivery. This option:
    a. May result in an expansion of School for the Blind outreach services.
    b. Would not result in service disruption.
    c. Could improve the coordination of services.
    d. Would enable the School for the Blind to serve as a "case management" agency for persons who are blind or visually impaired.
    e. May continue the confusion by consumers regarding the appropriate agency to contact for services.
    f. Will allow for continuation of the separate service agencies that complement each other.
    g. Would make the majority of individuals who are blind or visually impaired feel more comfortable with the School for the Blind remaining under the administrative structure of the Department of Public Instruction.
    h. Allows the School for the Blind to fulfill its appropriate role as facilitator and collaborator of agencies and organizations involved in providing vision services.

Committee Recommendation

The committee recommends House Bill No. 1038 to continue the current administrative structure of the School for the Blind and the Vocational Rehabilitation Division's vision services program but clarify that the School for the Blind is responsible for serving persons of all ages with visual impairments not just children. The bill changes the name of the school to North Dakota Vision Services - School for the Blind. It removes outdated statutory provisions relating to educating students in general education subjects who cannot receive an appropriate education in the public schools. It also clarifies that the School for the Blind is a statewide service, resource, and referral center for all residents of this state who are blind or have a visual impairment. The School for the Blind would be responsible for:

1. Collecting and distributing information on vision services programs available in the state (a new responsibility).
2. Facilitating collaboration with agencies and programs providing services to individuals who are blind or have a visual impairment (a new responsibility).
3. Assisting residents to access appropriate vision services (a new responsibility).
4. Maintaining a data base of blind or visually impaired persons in the state (a new responsibility).
5. Providing vision services, including vision-specific consultations, evaluations, information, training, and loans of adaptive devices, equipment, and materials.

The committee learned the estimated cost of the provisions of this bill for the 2001-03 biennium is $149,667 of special funds available from revenues generated by the school, and that two additional FTE positions will need to be located in western North Dakota to provide technology-related services.

Residential Treatment Centers and Residential Child Care Facilities Study

Section 22 of Senate Bill No. 2012 directed the Legislative Council to study residential treatment centers and residential child care facilities, including occupancy rates, the number of out-of-state residents, and the need for additional facilities.

Moratorium on the Expansion of Beds

Sections 8 and 11 of 1999 Senate Bill No. 2012, provide that the department may not issue a license for any additional bed capacity for a residential treatment center or residential child care facility above the state's gross number of beds licensed as of June 30, 1999, which was 320 excluding group home beds that were not a part of the moratorium. The following schedule shows the residential child care facilities and residential treatment centers licensed by the department in June 1999 and the number of licensed bed capacity for each facility:

Facility	Location	Number of Licensed Beds
Group Homes		
Charles Hall Youth Services	Bismarck	24
Eckert Youth Homes	Williston	16
Harmony House	Devils Lake	7
Lake Oahe Group Home	Fort Yates	8
New Outlooks	Devils Lake	10

Total group home beds		65
Residential Child Care Facilities		
Home on the Range	Sentinel Butte	79
Red River Victory Ranch	Fargo	12
Dakota Boys Ranch	Minot	39
Dakota Boys Ranch	Fargo	10
Dakota Boys Ranch - Transitional living	Minot	12
Prairie Learning Center	Raleigh	50
Southwest Key	Mandan	24
Total residential child care facility beds		226
Residential Treatment Centers		
Southwest Key	Mandan	16
Ruth Meiers Adolescent Center	Grand Forks	12
Dakota Boys Ranch	Minot	16
Luther Hall	Fargo	16
Manchester House	Bismarck	10
Total residential treatment center beds		70
Accredited Residential Treatment Centers		
Eight Rivers	Jamestown	8
Rivers Edge	Fargo	16
Total accredited residential treatment center beds		24
Total beds		385

The committee learned that in early 2000, the Southwest Key Program at Mandan ceased operations of its 16-bed residential treatment center and 24-bed residential child care facility. Of the 38 youth residing in the facility when it closed, four returned home, four were placed out of state, and 30 were placed in other facilities in North Dakota. The committee learned the reason cited by Southwest Key for closing was a lack of adequate funding. The committee learned Housing, Industry, and Training (HIT), Inc., and the Dakota Boys Ranch began operating an eight-bed residential treatment center facility in Mandan to meet the needs of lower-functioning children.

Types of Foster Care Placements

The types of foster care placements are:

1. Foster care family - A family providing for the child's care. Children placed with a foster care family are generally younger and have been deprived, neglected, or abused.
2. Therapeutic foster care family - A family providing for the child's care. Children placed with a therapeutic foster care family generally have been diagnosed with a psychiatric disorder and may have previously been placed in a residential treatment center.
3. Group homes - Children placed in these types of facilities are generally adolescents who have been deprived or abused, involved in a parent-child conflict, or have character disorders. A group home serves from 4 to 10 children.
4. Residential child care facilities - Children placed in these types of facilities are generally adolescents who have been deprived or abused, involved in a parent-child conflict, or have character disorders. A residential child care facility serves more than eight children.
5. Residential treatment centers - Children placed in these types of facilities are generally adolescents who have been diagnosed with psychiatric disorders.

Foster Care Placements and Costs

The following schedules present foster care placements and costs in recent years:

Fiscal Year	Number of Children Placed in Family Homes (Unduplicated)	Number of Children Placed in Facilities (Unduplicated)	Total Foster Care Placements	Number of Children Placed Out of State (Unduplicated)[1]	Percentage of Foster Care Children Placed Out of State

1991	883	388	1,271	32	2.5%
1992	946	385	1,331	33	2.5%
1993	1,065	448	1,513	48	3.2%
1994	1,064	492	1,556	61	3.9%
1995	1,125	529	1,654	70	4.2%
1996	1,128	535	1,663	67	4.0%
1997	1,162	559	1,721	85	4.9%
1998	1,121	607	1,728	63	3.6%
1999	1,116	600	1,716	93	5.4%
2000	1,188[2]	688	1,876[2]	86[3]	4.6%

[1] Because children placed out of state may be placed in either a family home or a facility, these numbers are also reflected in the columns titled "Number of Children Placed in Family Homes" and "Number of Children Placed in Facilities" on this schedule.

[2] Although the Department of Human Services is unsure of the type of placement of 42 children due to a computer system change, these children are reflected as a family home placement for purposes of this schedule.

[3] Federal fiscal year 2000.

Foster Care - Out of State				
Fiscal Year	**Average Number of Children Per Month**	**Average Cost Per Month**	**Unduplicated Number of Children**	**Annual Cost**
1991	12	$33,523	32	$402,276
1992	14	$24,447	33	$293,359
1993	26	$47,338	48	$520,713
1994	29	$50,241	61	$602,888
1995	34	$92,081	70	$1,104,974
1996	37	$147,319	67	$1,767,828
1997	51	$173,579	85	$2,082,950
1998	44	$162,211	63	$1,946,528
1999	31	$89,777	93	$1,077,329
2000[1]	38	$95,110	86	$1,141,317

[1] Federal fiscal year 2000.

The committee reviewed rates changes for children placed in foster care facilities and learned that in-state rates vary from $81 to $260 per day while out-of-state rates vary from $69 to $258 per day.

The committee learned that based on information for 34 children returned from out-of-state placements in the last two years, the average length of stay for children in an out-of-state placement was 389 days while the average length of stay for children placed in North Dakota facilities varies from 4 to 12 months.

Foster Care Funding

The following schedule presents the Department of Human Services estimate of foster care costs for the 1999-2001 biennium:

1999-2001 Estimated Foster Care Costs				
	General Fund	**Federal Funds (IV-E and TANF)**	**Other Funds**	**Total**
Room and Board				
Family foster care homes	$1,117,181	$5,342,835	$952,663	$7,412,679
Therapeutic foster care homes - Room and board amounts reflected under family foster care homes				
Residential child care facilities	4,643,287	12,472,809	6,613,535	23,729,631
Total room and board	$5,760,468	$17,815,644	$7,566,198	$31,142,310
Treatment and Service Payments				
Family foster care homes - Not applicable				
Therapeutic foster care homes	$1,638,346	$4,447,025	$247,209	$6,332,580
Residential child care facilities	534,156	1,442,650	80,594	2,057,400
Residential treatment centers (includes room and board)	1,606,278	3,793,722		5,400,000
Total treatment services	$3,778,780	$9,683,397	$327,803	$13,789,980
Other Services				
Shelter care	$155,687			$155,687
Independent living	153,918	$471,699		625,617
Transportation	18,500	81,500	$33,333	133,333
Serious emotional disorder (SED) - Out-of-home care	178,083	212,154	58,430	448,667
Tribal therapeutic	140,364	332,322		472,686
Turtle Mountain Professional Association of Treatment Homes (PATH)		83,080	35,091	118,171
Total other services	$646,552	$1,180,755	$126,854	$1,954,161
Administration and Training				
Foster care - Administration	$141,864	$148,266	$3,834	$293,964
Foster care - Training	527,286	1,255,250		1,782,536
Total administration and training	$669,150	$1,403,516	$3,834	$2,076,500
Total Department of Human Services foster care-related expenses	$10,854,950	$30,083,312	$8,024,689	$48,962,951

The committee learned North Dakota foster care facilities are not reimbursed for the full cost of providing services to these children, and as a result are required to raise approximately 33 percent of their funding needs from private sources. The primary funding concern for foster care facilities is that the state's service rate reimbursement is capped at $300 per month per child. This payment provides reimbursement for approximately one-half the actual costs of providing services to these children at the foster care facilities.

Review of Foster Care Services and Needs

The committee reviewed the results of a Legislative Council staff survey of residential treatment centers and residential child care facilities regarding the types of services provided, occupancy rates, the number of out-of-state residents served, placement requests, and the need for additional foster care facilities. North Dakota facilities had available 385 licensed foster care facility beds in fiscal year 1999, and served an average of 355 children, which is a 92.2 percent occupancy rate. Approximately 17 of the 355 children, or five percent, were from out of state.

Seven of the 14 facilities responding to the survey indicated a need for more facilities, five facilities said there is not a need for more facilities, and two either did not respond or were unsure. The facilities identified a need for the following types of services:

1. Residential treatment, including treatment for children with low IQs, for lower functioning children who need addiction counseling, for chemically addicted children, for sexually reactive children and for children under 14 years of age, and for children who have serious emotional disorders and who are mentally retarded.
2. Residential child care for extremely violent children.
3. Group home beds, including beds in the Fargo area, beds for children with autism who require residential support, and beds for school-age children with developmental disabilities.
4. Therapeutic foster care homes.
5. Family foster care.

The committee learned the children who are in need of services in North Dakota include children with a low IQ and either a mental health need or a history of sexually offending others, children who have committed serious sexual offenses, and children who abuse inhalants. These children require specific and unique treatment services and as a result it would be very difficult to accommodate these children in a single new facility.

The committee reviewed major differences between North Dakota and Minnesota facilities that include:

1. Minnesota facilities accept children with lower IQs than North Dakota facilities.
2. North Dakota facilities' daily costs are significantly less than the costs of Minnesota facilities.
3. Minnesota facilities accept younger children than North Dakota facilities.

The Department of Human Services estimates the current number of group home, residential child care facility, and residential treatment center beds to be adequate; however, an increase in the number of therapeutic foster care beds is necessary.

The committee learned a number of public and private agencies in the Grand Forks region are interested in beginning a 30- to 90-day evaluation service program to more formally evaluate the level of care needed for a child entering the foster care system in the northeast region.

The committee received testimony from representatives of the Professional Association of Treatment Homes (PATH) that serves children who have serious emotional or behavioral disorders. The purpose of the organization's programs is to develop services that provide families the support needed to maintain a safe, therapeutic, family environment for children with serious emotional disorders to minimize the child's need for out-of-home care or psychiatric hospitalization. Funding for PATH is provided primarily from state, federal, and private insurance sources.

The committee learned the Department of Human Services supports the continuation of the moratorium on residential child care facility and residential treatment center beds for the 2001-03 biennium. If the moratorium is continued, the department suggests a change that would allow the department to allocate closed beds based on the childrens' population, treatment, and geographic needs and for the use of a request for proposal. This would ensure residential beds are targeted to areas of need.

Conclusion

The committee makes no recommendation regarding continuing the moratorium on the licensing of additional residential child care facility or residential treatment center bed capacity set to expire on June 30, 2001.

NURSING FACILITY GRANT OR LOAN FUND ANNUAL REPORTS

Section 3 of Senate Bill No. 2168 provides that the Department of Human Services provide reports to the Governor and the Legislative Council on or before August 31 of each year concerning grants awarded or loans approved for alternative nursing facility programs pursuant to provisions of that bill.

The committee received status reports from the Department of Human Services on the intergovernmental transfer program and on the status of nursing facility alternative grants and loans at each of its meetings.

Source of Funds - Government Nursing Facility Funding Pool Payments

Moneys (federal funds) are generated for the health care trust fund as a result of the Department of Human Services making government nursing facility funding pool payments to two government nursing facilities in the state in McVille and Dunseith. These payments are made based on the average amount Medicare rates exceed Medicaid rates for all nursing care facilities in the state multiplied by the total of all Medicaid resident days of all nursing homes. Federal Medicaid funds are available for these

payments and require a state match either from the general fund or a Bank of North Dakota loan for any additional federal funds that become available. Payments are made to the two government nursing facilities and are subsequently returned to the state, less a $10,000 transaction fee retained by each of the two government nursing facilities. Once returned to the state, the state's matching share is returned to either the general fund or used to repay the Bank of North Dakota loan, as appropriate, and the federal funds are deposited in the health care trust fund. Interest earned is retained in the fund.

Health Care Trust Fund Uses

The moneys in the health care trust fund can be used for nursing alternative loans or grants as determined by the Department of Human Services. The Department of Human Services may transfer funds to either a nursing facility alternative loan fund or a nursing facility alternative grant fund. Loans or grants are for capital or one-time expenditures to assist a nursing facility in converting to an alternative care facility. The Bank of North Dakota administers the loan program, and interest rates are two percent below market with a maximum rate of seven percent. The department's share of a project's cost is limited to $1 million or 80 percent of the project cost, whichever is less.

1999-2001 Appropriations

Senate Bill No. 2168 appropriated $12.4 million for the 1999-2001 biennium, $3.6 million from the general fund and $8.8 million of federal funds, for making government nursing facility funding pool payments. Once payments are made and returned to the Department of Human Services, the general fund is repaid and the balance is deposited in the health care trust fund. The bill provided that if additional amounts in excess of the $12.4 million become available, the Department of Human Services may increase the funding pool payments subject to Emergency Commission and Budget Section approval. The bill also provided that the additional state matching funds be made available from a Bank of North Dakota loan.

Of the amounts deposited in the health care trust fund, the bill appropriated $4,262,410 for the service payments for elderly and disabled (SPED) program and $4,262,410 for nursing facility alternative loans or grants. The section provided that if amounts in excess of $8.7 million become available in the fund during the biennium, the Department of Human Services may increase the appropriation amount, subject to Emergency Commission and Budget Section approval. As discussed in the following section, the state received a total of $43.2 million that was deposited in the health care trust fund.

Health Care Trust Fund Deposits First-Year Payments

The committee learned in April 2000 the Department of Human Services made its government nursing facility funding pool payments for the first year of the 1999-2001 biennium of $36.8 million, $24.4 million more than appropriated for both years of the 1999-2001 biennium. The state matching share on this amount was $10.9 million, $7.3 million more than the $3.6 million appropriated. The Department of Human Services received Emergency Commission and Budget Section approval in March 2000 to access the additional $17.4 million of federal funds available and to obtain the additional $7.3 million of state matching funds needed from a Bank of North Dakota loan.

After deducting the government nursing facility transaction fees of $10,000 each and after returning the $10.9 million of state matching funds, $25.9 million was deposited in the health care trust fund. However, the committee learned the federal Health Care Financing Administration has questioned North Dakota's method of calculating its first-year payment and indicated North Dakota received $13 million more than it was entitled to under its plan. The department believes it calculated the amount correctly and will be appealing the administration's decision.

Second-Year Payments

The committee learned the department made its government nursing facility funding pool payments for the second year of the 1999-2001 biennium of $24.7 million in September 2000. The state matching funds share on this amount was $7.3 million. The department received Emergency Commission and Budget Section approval in August 2000 to access the additional $17.4 million of federal funds available and to obtain the additional $7.3 million of state matching funds needed from a Bank of North Dakota loan. After deducting the government nursing facility transaction fees of $10,000 each retained by the Dunseith and McVille nursing homes and repaying the $7.3 million Bank of North Dakota loan for the state's matching funds share, the department deposited $17.3 million in the health care trust fund.

Funding Summary

The following is a summary of the funding received under the intergovernmental transfer program for the 1999-2001 biennium:

	Original Projections 1999-2001 Appropriation	First Year 1999-2000	Second Year 2000-01	Total 1999-2001	Total Increase (Decrease)
Government nursing facility funding pool payments					
Federal funds	$8,564,819[1]	$25,922,739	$17,360,685	$43,283,424	$34,718,605
State matching funds	3,618,391	10,888,876	7,292,375	18,181,251	14,562,860
Total	$12,183,210[1]	$36,811,615	$24,653,060	$61,464,675	$49,281,465
Health care trust fund	$8,524,820	$25,902,739[2,4]	$17,340,685[3]	$43,243,424[4]	$34,718,604[5]

[1] This amount reflects the $12.4 million appropriation in Section 4 of Senate Bill No. 2168, net of $226,238 of department administrative costs.

[2] This amount is less than the government nursing facility funding pool federal funds amount as a result of the $20,000 that is retained by the two government nursing facilities (Dunseith and McVille) prior to the funds being deposited in the health care trust fund.

[3] This amount is less than the government nursing facility funding pool federal funds amount as a result of the $20,000 that is retained by the two government nursing facilities (Dunseith and McVille) prior to the funds being deposited in the health care trust fund.

[4] This amount may be reduced by $13 million depending on the outcome of the Department of Human Services appeal of the federal Health Care Financing Administration decision to deny $13 million of North Dakota's first-year government nursing facility funding pool payment.

In addition, on August 31, 2000, the Health Care Financing Administration informed the Department of Human Services it did not agree with the method used by the department to calculate North Dakota's first-year payment. The Health Care Financing Administration has indicated that North Dakota claimed $13 million more than its plan allowed. The department, however, believes its claim was in accordance with its approved plan. The department intends to appeal the Health Care Financing Administration decision.

[5] The department received Emergency Commission and Budget Section approval in June 2000 to increase spending authority from the health care trust fund by $2,218,429 for providing additional grants and loans under provisions of Senate Bill No. 2168.

Grants and Loans

Senate Bill No. 2168 (1999) appropriated $4,262,410 for nursing facility grants and loans. The committee learned in June 2000 the department received Emergency Commission and Budget Section approval for an additional $2,218,429 of spending authority from the health care trust fund for nursing facility grants and loans. As a result, the amount available for grants and loans for 1999-2001, as adjusted, totals $6,480,839. The department's first loan and grant application period ended in February 2000 with 56 applications for grants and loans. Through July 2000 the department awarded $1,283,504 in loans and grants for 23 projects and anticipates awarding an additional $2.4 million for three projects. In addition, eight entities were proceeding with the application process with requests for grants and loans that total $5.7 million. The committee learned the department provided grant funds for projects that also received loans to reduce the effective interest rate from seven percent to four percent in order to make the projects feasible.

The department also plans to use moneys in the health care trust fund for conducting a statewide study of long-term care needs prior to the 2001 legislative session.

Health Care Trust Fund Analysis

The following schedule shows the estimated revenues and expenses of the health care trust fund for the 1999-2001 biennium:

Balance July 1, 1999		$0
Estimated revenues		
Government nursing facility funding pool		

payments		
First year	$25,902,739	
Second year	17,340,685	
Investment income	2,049,561	
Total estimated revenue		$45,292,985
Total available		$45,292,985
Estimated expenditures		
1999 Senate Bill No. 2168 - Department of Human Services		
Service payments for elderly and disabled (SPED)	$4,262,410	
Nursing facility alternative grants and loans	6,480,839[1]	
Administrative costs	226,238	
Total estimated expenditures		$10,969,487
Estimated balance - June 30, 2001		$34,323,498[2]

[1] This amount includes the $4,262,410 appropriated specifically in 1999 Senate Bill No. 2168 and $2,218,429 of additional spending authority approved by the Emergency Commission and Budget Section in June 2000.

[2] This amount may be reduced by $13 million depending on the outcome of the Department of Human Services appeal of the federal Health Care Financing Administration decision to deny $13 million of North Dakota's first-year government nursing facility funding pool payment.

In addition, on August 31, 2000, the Health Care Financing Administration informed the Department of Human Services it did not agree with the method used by the department to calculate North Dakota's first-year payment. The Health Care Financing Administration has indicated that North Dakota claimed $13 million more than its plan allowed. The department, however, believes its claim was in accordance with its approved plan. The department intends to appeal the Health Care Financing Administration decision.

Committee Considerations

Because Senate Bill No. 2168 is effective only for the 1999-2001 biennium, the committee considered possible action that the 2001 Legislative Assembly may need to take to address the continuation of this intergovernmental transfer program and the nursing facility alternative grant and alternative loan programs. The committee learned that if funds are remaining in the health care trust fund at the close of the 1999-2001 biennium, the 2001 Legislative Assembly will need to address the use of those funds and any additional funds that become available if the intergovernmental transfer program continues. The projected funding available may be reduced by $13 million depending on the outcome of the Health Care Financing Administration's denial of $13 million of North Dakota's first-year payment. The federal government does not currently place any restrictions on the use of these funds by the state; however, the Health Care Financing Administration informed state Medicaid directors in a July 2000 letter that the administration will be considering changes to regulations that may limit states' access to these federal funds through the intergovernmental transfer program.

Proposed Federal Rule Changes

On October 6, 2000, the Health Care Financing Administration published proposed changes to regulations affecting this program. The proposed changes would allow North Dakota to continue accessing these funds for five more years (until state fiscal year 2006). The first two years could be at the same level as the current program, but for the final three years, the state would need to reduce its funding claimed by 25 percent each year.

Committee Conclusion

The committee took no action relating to this responsibility because an ad hoc committee made up of legislators and representatives of the Department of Human Services, Long-Term Care Association, and the communities of Dunseith and McVille are planning to introduce a bill to the next Legislative Assembly providing for the continuation of the program.

In response to learning of the Health Care Financing Administration's claim that North Dakota improperly calculated its first-year

government nursing facility funding pool payment, the committee expressed its support for the method used by the department for calculating the first-year government nursing facility funding pool payment, and asked that if necessary, the committee chairman work with the Legislative Council chairman to draft a letter to the secretary of the federal Department of Health and Human Services, the Health Care Financing Administrative director, and North Dakota's Congressional Delegation expressing this support. As of October 18, 2000, the Department of Human Services had not received written notification of the Health Care Financing Administration's denial of $13 million of North Dakota's first-year payment, and as a result, no formal response by the department has been made.

TRAUMATIC BRAIN-INJURED FACILITY REPORTS

Senate Bill No. 2038 directed the Legislative Council to receive reports from the Department of Human Services regarding the establishment of a traumatic brain-injured (TBI) facility in western North Dakota.

Current Facility

The committee learned that as of June 1999, the state's only facility for traumatic brain-injured individuals was the High Soaring Eagle Ranch near Valley City. This facility provides services for up to 11 individuals.

The committee learned because of the moratorium on the expansion of basic care bed capacity, the beds necessary to establish a TBI facility in western North Dakota must become available from existing basic care bed capacities. Beds will become available on a one- for-two basis when any basic care facility reduces its beds. For example, if a basic care facility were to reduce its licensed capacity by 10 beds, five of those could be available for use in a TBI facility in western North Dakota.

Survey Information

The committee learned HIT, Inc., of Mandan was interested in establishing a TBI facility in western North Dakota. HIT, Inc., conducted a survey of all basic care facilities to determine if any beds were available for transfer. Of the 29 survey respondents only one facility indicated a potential reduction of just one bed. HIT, Inc., also conducted a survey in southwestern North Dakota to identify the number of individuals with a traumatic brain injury diagnosis. The survey identified 64 individuals in the southwestern part of the state with this diagnosis--36 in Burleigh County, 18 in Morton County, eight in Stark County, and one each in Hettinger and Slope Counties.

Pilot Project

The committee learned that HIT, Inc., could proceed with the establishment of a TBI facility without obtaining the transfer of basic care beds because the State Health Council in 1998 approved HIT, Inc., as an alternative health care services pilot project under NDCC Section 23-01-04.3. The section provides that the State Health Council may approve no more than three separate projects that would be operating at the same time, and no project may continue for more than five years. During the 1999-2001 biennium, only one project, the HIT, Inc., TBI facility project, was approved by the State Health Council.

New Traumatic Brain-Injured Facility

The committee learned HIT, Inc., began construction of its 10-bed TBI facility named Dakota Pointe at 3404 43rd Street Northwest, Mandan, in June 2000, and the facility was to be completed by October 2000. The Department of Human Services approved grants and loans for the facility from the nursing facility alternative grant fund and alternative loan fund totaling $360,114. Of the total, the department approved grants of $21,606 for facility startup costs, $1,771 for the estimated first-year operating loss, $55,018 to reduce the effective interest rate on the construction loan approved from 5.78 percent to four percent, and a loan of $281,719.

The committee learned the HIT, Inc., TBI facility is being constructed to meet basic care licensing requirements. If basic care licensing remains unchanged and the moratorium is eliminated, the facility will need to apply for licensure after the moratorium is lifted. If the moratorium remains, the facility will need an exception to be provided by the Legislative Assembly if it is to continue providing services after the pilot project ends in 2003.

The committee learned the Department of Human Services does not anticipate spending the contingent appropriation of $200,000, of which $60,000 is from the general fund, contained in Section 35 of Senate Bill No. 2012, for the traumatic brain-injured facility because based on current Medicaid expenditure patterns, the department should have adequate funds within its 1999-2001 Medicaid appropriation to cover the additional costs associated with this facility.

The committee learned based on the current TBI service needs in the state, the institutional care provided by Dakota Pointe and the High Soaring Eagle Ranch near Valley City should be adequate to meet the service needs of individuals with a traumatic

brain injury.

Developmental Center Traumatic Brain-Injured Unit

The committee received information on the TBI unit at the Developmental Center. The committee learned the TBI facility at the Developmental Center began operating in July 1999 with the admission of three individuals. The program admitted its fourth client on March 1, 2000. The program is designed to be a "safety net" for individuals who have suffered a brain injury for which there is no other appropriate placement available in North Dakota. The cost per individual receiving services in the TBI unit is approximately $450 per day. The committee reviewed daily rates charged at similar TBI facilities in other states and while it is difficult to compare services between the various facilities, other states' daily rates range from $233 to $525 per day.

The committee learned the program has 12 certified beds for the program and employs 10 staff to serve the four individuals. The 1999-2001 appropriation for the program is $575,000 of other funds and the Developmental Center projects that costs will total approximately $600,000 for this biennium. The funding is being provided from federal funds and the general fund.

Committee Conclusion

The committee makes no recommendation regarding the TBI facility reports it received.

ALZHEIMER'S AND RELATED DEMENTIA PROJECTS REPORT

Section 2 of Senate Bill No. 2034 directed the Legislative Council to receive a final report from the Department of Human Services on the progress of the Alzheimer's and related dementia projects.

1997-98 Interim

The 1997 Legislative Assembly directed the Department of Human Services to establish pilot projects for Alzheimer's and related dementia populations in order to explore the financial and service viability of converting existing long-term care facility bed capacity to a specific service environment targeting the Alzheimer's and related dementia populations. During the 1997-98 interim, the department established a 14-bed pilot project with the Baptist Home of Kenmare. For 1998 the cost per day of the pilot project was $79.37, which was $6.04 per day less than the average nursing facility cost of $85.41 per day.

1999-2000 Activity

The committee learned that of the estimated 6,400 individuals occupying nursing facility beds in North Dakota, approximately 3,400 have an indication of Alzheimer's or other related dementia.

Senate Bill No. 2034 (1999) repeals, on July 1, 2001, NDCC Section 50-06-14.4, which authorizes the Alzheimer's and related dementia projects. In addition, 1999 Senate Bill No. 2036 directed the State Department of Health and the Department of Human Services to review and make recommendations regarding the licensure for basic care and assisted-living facilities. The committee learned facilities currently operating as pilot projects should qualify for licensure under the new requirements that will be recommended by these departments, which the Legislative Assembly will consider during the next session. If no changes are made to the current licensing requirements, the facilities will likely need to be licensed as basic care facilities. The committee learned the department believes the pilot projects can be discontinued at the time the new licensing standards become effective or at the end of the current biennium if no new standards are adopted and the facilities seek to be licensed as basic care facilities. If licensing standards are not changed, the department recommends these facilities be allowed to seek basic care licensing even if a moratorium on basic care beds continues in the next biennium.

Final Progress Report

The committee received the final progress report relating to the Alzheimer's and related dementia projects. The committee learned based on the department's review of the Baptist Home in Kenmare and with the approval of three additional units, the Alzheimer's and related dementia pilot project has accomplished the goals set forth in the original legislation. The report indicated the facility in Kenmare provided appropriate and adequate care to its residents with Alzheimer's and related dementia. The current payment rate for Medicaid recipients is $67.26 per day and the room and board rate is $12.10 per day. The total cost to a Medicaid recipient eligible for the home and community-based waiver is $79.36 per day, or $15.05 per day less than services of a similar nature in a nursing facility of $94.41 per day. The department submitted its final progress report to the Legislative Council on June 29, 2000.

The three additional pilot projects approved by the department are:

1. Edgewood Vista in Bismarck converted 14 existing basic care beds to an Alzheimer's and related dementia unit that began operations in March 2000.
2. Edgewood Vista in Minot converted 16 existing basic care beds to an Alzheimer's and related dementia unit that began operations in September 2000.
3. Exner's Basic Care, Incorporated, in Jamestown plans to construct a new building for 20 Alzheimer's and related dementia residents and will transfer basic care beds from one of the company's other existing facilities that will be closed.

Conclusion

The committee makes no recommendation regarding the Alzheimer's and related dementia final report.

BUDGET TOURS

During the interim the Budget Committee on Institutional Services functioned as a budget tour group of the Budget Section and visited the State Hospital, James River Correctional Center, South Central Human Service Center, School for the Blind, Northeast Human Service Center, and Developmental Center. The committee heard information on facility programs, institutional needs for major improvements, and problems institutions or other facilities may be encountering during the interim. The tour group minutes are available in the Legislative Council office and will be submitted in report form to the appropriations committees during the 2001 legislative session.