

Testimony on HB 1012
Hon. Jon Nelson, Chairman
Human Resources Division
House Appropriations Committee
January 25, 2021

Chairman Nelson and members of the committee, my name is Jon Larson and I am the executive director of Enable Inc., a licensed developmental disabilities provider here in Bismarck. I also currently serve as the president of our provider association, NDACP.

On April 01, 2018 North Dakota implemented a long-awaited new payment system for developmental disability providers. This new payment system was developed by consultants who worked in close consultation with a steering committee that consisted of personnel from the Department of Human Services and DD providers. That steering committee began in the Spring of 2011 and continues to work on issues that arise with this still new system. I have been a member of this steering committee since its implementation.

Although not perfect the new payment system has done a good job of achieving its objective of fairly allocating resources based on individual needs as measured by a nationally recognized assessment tool and utilizing the existing allocation of resources. This new process involves the use of scores from the Supports Intensity Scale (SIS), a mathematical multiplier to connect the scores to authorized support hours, and a unit rate matrix with standardized rates for defined services, which result in a unique annual Individual Budget Allocation for every client.

This new system took years to develop and prior to implementation there were fears expressed by some providers, advocates, and consumers about the viability of continued provision of the same quality services that everyone has come to expect. Upon implementation on April 01, 2018 services continued as expected without drastic alterations to service delivery and providers have adapted to the changes created by

the new system. The steering committee continues to meet on a regular basis to address issues that have arisen since the implementation of this new system.

A central component of the new system is the Supports Intensity Scale or SIS. The SIS is a nationally normed tool that is used to identify the unique needs of the individual we support in our programs. North Dakota contracts with an independent organization, The Rushmore Group, to administer these assessments. Each individual supported is to have a new assessment every three years unless there is a significant life changing event that would require a new assessment. The Department hired a consultant in the fall of 2019 who found a trend of rising SIS scores from the assessments that occurred three years previously. A rise in the SIS score results in a higher payment to the provider. There are many reasons a SIS score would change including a deteriorating health or behavioral condition or an inaccurate score in the initial assessment or subsequent one. The information Optimus used in that conclusion is now nearly one and a half years old. They also noted at the time that they were seeing a leveling off of the increasing scores and it may indicate a stabilization of scores or even a U-shaped curve in the data that would result in a return to scores more closely related to the original.

NDACP has collected data from our members that compares the SIS score resulting from an assessment done in 2020 to the previous score and this data indicates that in aggregate the new scores are slightly lower than the previous scores resulting in lower payments to providers. The executive budget proposes a reduction in rates to residential providers based on the trends they saw prior to 2020. This new payment system is still very new and 2020 interrupted everything making data analysis difficult. The position of our association is to request that the rates in this new system not be reduced at this time to allow for the system to have time to stabilize. Adjustments to rates may be necessary but should be done in consultation with the steering committee and should be done in a manner that is cost neutral to the appropriation.

Accreditation by the Council on Quality and Leadership, CQL, has been required for licensure since the days we were operating under a lawsuit. This cost has been paid by the Department either through rate setting and cost settlement prior to the new system or directly after the new payment system. This cost is proposed to go back to providers in the executive budget. CQL accreditation is quite expensive, especially for smaller providers. This was not a cost recognized when developing rates in the new payment system and we feel that this required cost should continue to be paid by the Department.

The last area I want to address is the loss of funding for service under section 11. You have written testimony from Brooke Austin, from Community Living Services in Fargo that explains it in more detail than I will at this time. Section 11 uses state dollars at a very reasonable cost to provide a much-needed service to people who otherwise fall through the cracks. Providers receive a payment of \$7.00 a day for people in this program, far less than it actually costs to provide the service. Without this service, the people in this program will likely struggle and require more urgent services that will cost more and be less appropriate to meet their needs.

In summary, I am requesting that the rates in the new payment system not be reduced as proposed in the executive budget, that accreditation costs continue to be paid by the Department and that section 11 funding be restored. In addition I recommend inflationary increases of 3% and 3% for state fiscal years 2022 and 2023. Thank-you for your consideration and I would be happy to answer any questions you may have.

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