

**Testimony on Nursing Facility Incentive Program
Senate Appropriations-Human Resources Division**

March 18, 2025

HB 1012

Chairman Dever and members of the Committee. My name is Nikki Wegner, President of the North Dakota Long Term Care Association. We represent all 75 nursing facilities in North Dakota, and we appreciate the opportunity to testify in support of Engrossed HB 1012. We would like to propose an amendment related to the Quality Incentive Program for Nursing Facilities.

As part of the 2021 nursing facility payment system reform study, our association worked closely with providers and the North Dakota Department of Human Services (DHS) to develop the Nursing Facility Incentive Program (NFIP). This program, modeled on Value-Based Purchasing (VBP) principles, was created with guidance from Dr. David Gifford, Medical Director of the American Health Care Association.

In 2023, the Legislature took an important step by securing dedicated funding for this quality-focused model, allocating \$12 million in new funding—\$4 million for 2023 and \$8 million for 2024. A key principle behind this investment was that nursing facilities would not bear financial risk, given their partnership in the payment study. At that time, DHS leadership recognized and commended facilities for their willingness to collaborate, develop long-term cost-saving measures, and contribute to system improvements. The intent was to create a program that strengthened quality, not one that resulted in funding reductions. While leadership at DHHS has since changed, we believe commitments made just two years ago should be honored to maintain trust and consistency in policy.

We are concerned about the recent announcement from DHHS regarding a shift toward penalizing facilities that do not rank in the top tiers of the NFIP. This change, introduced without discussion with providers, represents a significant departure from the original intent of the program. More importantly, we fear this approach could disproportionately impact facilities that are already struggling, undermining the program's goal of supporting continuous quality improvement. Nursing facilities already face financial penalties at the federal level through Medicare for high re-hospitalization rates. If the DHHS decides to go down this path than we believe the payment reforms put in place also need to be revisited.

To maintain the integrity of the NFIP and support ongoing quality improvement efforts, we respectfully request that the Senate include language in HB 1012 directing DHHS to keep the

program as it was designed in 2023 and implemented in 2024. If adjustments are necessary, they should be made through the same collaborative process that was used during the payment study, rather than through unilateral changes.

Below is proposed language that we believe would help ensure the program remains aligned with its intended purpose. Thank you for your time and consideration.

DHHS must keep the Nursing facility quality incentive program as new dollars and not as a payment withhold. If changes are to be made it must be done collaboratively with providers and brought back to the 2027 legislature.

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