

Testimony on Long-Term Care Facility Infrastructure Loan Fund
Senate Human Services Committee
March 19th, 2025
HB 1619

Chair Lee and members of the Senate Human Services Committee, thank you for the opportunity to testify in support of HB 1619. My name is Doug Panchot, Administrator, Souris Valley Care Center located in Velva. We are a 46-bed skilled nursing facility with an attached 16 unit assisted living facility. Our facility has been in operation since 1979. We have served the great community and many surrounding rural communities for over 45 years.

As with most rural senior living facilities in our great state of ND we were started by local visionaries in the Velva community seeing a need to serve our older population who can't care for or be cared for at home. Over the years our facility has had a few different additions with the most notable being the addition of the 16-unit, 2-bedroom 1 bath assisted living apartments in 1999. In the past the facility had the ability to upgrade the skilled nursing facility with HVAC equipment and interior finishes. These items are helpful, but we still have the challenges of many semi-private (shared) rooms, which means that there are small, shared bathrooms and very little personal space for our residents. Most of our infrastructure throughout the 46-bed skilled nursing facility is original which has the potential for costly repairs if there is a catastrophic failure. Not only is there the cost of repairs but also the challenges with relocating or placing residents in a different area or facility to complete the work needed to get the systems back on-line.

It has been almost two years since our local Board of Directors, at a strategic planning meeting, had charged me with looking into alternatives to have better and more options to provide senior care to the community of Velva. The market study that was completed identified two main areas. One of those being the need for private rooms to provide skilled nursing services and second, the need for basic care beds in our community.

We have the land on our campus to replace our 46 skilled nursing beds with new attached skilled nursing facility with mainly private rooms. This will give our residents more personal space than our current semi-private rooms along with more efficiency for our employees to care for those we serve. The plan would be for us to convert the current twenty-five semi-private rooms in our skilled nursing facility into twenty-five private basic care beds. We would have to do some minor remodeling in these rooms, but it is something that is very realistic.

We have recently started the process with USDA to apply for Rural Development dollars. Over the last months we have worked with architects on this potential project. In discussions with the architect firms and hearing from some of my colleagues, building costs are coming in at well over \$600 per square foot. This cost is well above the building costs that are seen across the country. If those costs are accurate, we would be looking at a shortfall of over \$24 million that we would need to service the debt beyond a USDA loan. Because the current RS Means system caps our reimbursement for construction and renovation, we need to find another way to service the remaining debt.

Our facility in Velva has really worked hard over the last number of years to be financially strong and debt free. Over the last years we have been

able to increase our reserves and now can utilize these if needed. Having a low interest loan option from the Bank of North Dakota would help bridge the gap from USDA funding so we can better care for our community members that need our services.

We are asking that the \$50 million dollar be restored to the original \$100 million and amend the 2% interest rate to a 1% interest rate. The facilities within our profession are in dire need of upgraded facilities to meet the demands of our consumers. Our providers need the dollars to best take care of the people of North Dakota as most facilities are aging. We are requesting an interest rate decrease to 1% from the initial 2% rate. It is our understanding that a 1% interest rate is currently what the hospital loan program has as their rate. This approach would be the best, considering that the hospital loan program has set this standard. As you can imagine the 1% decrease would really help facilities financially as we support our vulnerable senior population in the state of ND.

This type of loan program will give the assurance needed to help provide dollars for the required financing package to complete these types of necessary projects throughout the state of ND.

Our facility and our community is eager to see our facility transformed so we can meet the demands and needs of future generations. Many senior care providers are experiencing the same needs we have in Velva and the assistance of this low interest loan option goes a long way in getting these projects financed.

Chair Lee and members of the committee, I urge your support with a Do Pass for this important initiative with the requested changes to strengthen the future of long-term care in North Dakota.

Thank you for your time and consideration, and I am happy to answer any questions.

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