Legislative Council
600 East Boulevard Avenue, Bismarck, ND 58505

HEALTH CARE COMMITTEE

Wednesday, August 30, 2023
Roughrider Room, State Capitol
Bismarck, North Dakota

Senator Kyle Davison, Chairman, called the meeting to order at 9:00 a.m.

Members present: Senators Kyle Davison, Sean Cleary, Tim Mathern, Kristin Roers; Representatives Gretchen Dobervich, Clayton Fegley, LaurieBeth Hager, Dawson Holle, Carrie McLeod*, Jon O. Nelson, Emily O'Brien, Karen M. Rohr, Greg Stemen, Michelle Strinden

Members absent: Representatives Mary Schneider, Robin Weisz

Others present: See Appendix A
**Attended remotely*

Ms. Samantha E. Kramer, Senior Counsel and Assistant Code Revisor, Legislative Council, presented a memorandum entitled *Supplementary Rules of Operation and Procedure of the North Dakota Legislative Management*.

PROVIDER REIMBURSEMENT STUDY

Ms. Kramer presented a memorandum entitled *Medicaid Provider Reimbursement Arrangements Study - Background Memorandum*.

Ms. Kathryn Costanza, Program Principal, National Conference of State Legislatures, provided testimony (Appendix B) relating to evidence-based, value-based care metrics and Medicaid reimbursement. She noted:

- States have considerable flexibility in payment systems that depend on delivery system and provider type.
- Although medicaid value-based payments tend to be state specific with a wide range of models and performance measures, the Centers for Medicare and Medicaid Services (CMS) is increasing the standardization of state systems, CMS Innovation Center models, and performance measures.
- Policy considerations include goals for cost, quality, and outcomes; the types of providers, populations, services, and conditions; the Medicaid delivery system; accounting for higher-risk patient populations; agency and provider experience and capacity; and the impact on existing supplemental payments.

Ms. Sarah Aker, Executive Director for Medical Services, Department of Health and Human Services (DHHS), provided testimony (Appendix C) relating to current provider reimbursement for Medicaid and program considerations for value-based care metrics in the state. She noted:

- DHHS uses a fee-for-service model for traditional Medicaid where the state pays providers directly for each covered service received by a Medicaid recipient and only services received by recipients are paid.
- DHHS uses a Managed Care Organization (MCO) for Medicaid Expansion in which the state pays a monthly fee called a premium or capitation payment to the MCO and the monthly fee is paid to the MCO regardless of member use of services.
- Fee-for-service rates for nursing facility reimbursement are set annually based on cost reports submitted to facilities and each facility has individualized rates.
- DHHS' value-based care strategies include accountability, improved patient outcomes, stable and predictable revenue for providers, enhanced health care delivery with greater focus on wellness, prevention, and care coordination, and achieving results to shift the cost curve and lower long-term costs.

- DHHS will begin implementing value-based care in nursing facilities in June 2024 and the value-based program for hospitals began on July 1, 2023, with initial pay for reporting in 2024.
- The health system value-based care puts a portion of hospital payments at risk for performance on a set of quality measures. If a hospital system fails to meet certain targets, up to 4 percent of Medicaid revenue for a subset of services and population returns to the state.
- Nursing facility value-based care is an incentive program without any payments at risk and annual payments based on quality measure performance.
- The state's Medicaid-managed care contract for Medicaid Expansion members requires the vendor to create a strategic plan and implement alternative payment methodologies while increasing the number of providers participating and members attributed over time.

Comments by Interested Persons

Ms. Melanie Gaebe, Director of Public Policy, North Dakota Alzheimer's Association provided testimony (Appendix D) relating to the study of provider reimbursement.

REPORTS

Dr. Thomas Arnold, Chairman, North Dakota Maternal Mortality Review Committee, provided a report (Appendix E) relating to the Maternal Mortality Review Committee's identification of patterns, trends, and policy issues on maternal mortality.

MEDICAID AND MEDICAID EXPANSION - CONTRACT NURSING STUDY

Ms. Kramer presented a memorandum entitled *Contract Nursing Agencies Study - Background Memorandum*.

Ms. Shelly Peterson, President, North Dakota Long Term Care Association, provided testimony (Appendix F) relating to the impact on entities that receive Medicaid and Medicaid Expansion funding utilizing contract nursing agencies. She noted since 2015, the annual cost of contract nursing has increased by 30 percent to over $63.8 million and of the 77 licensed skilled nursing facilities in the state, 70 use contract nursing.

Mr. Tim Blasl, President, North Dakota Hospital Association, provided testimony (Appendix G) relating to the impact on providers that receive Medicaid and Medicaid Expansion funding utilizing contract nursing agencies. He noted:

- The biggest challenge facing hospitals is workforce. The lack of nurses is acute in urban and rural areas.
- Since 2019, hospital contract nursing costs have increased by 321 percent. In 2019, hospitals paid $59.3 million to contract nursing agencies and paid $249.8 million to contract nursing agencies in 2022.
- If hospitals did not utilize contract nursing, there would be over 1,400 nurse openings across the state.

Mr. DJ Campbell, Executive Director of Human Resources, Sanford Health, provided testimony (Appendix H) relating to the impact on providers that receive Medicaid and Medicaid Expansion funding utilizing contract nursing agencies. He noted Sanford employed nearly 600 contract labor staff in January 2022, and as of July 2023, the number has dropped to 307.

Ms. Trisha Jungels, Chief Nursing Officer and Vice President of Clinical Services, Jamestown Regional Medical Center, provided testimony (Appendix I) relating to the impact on providers that receive Medicaid and Medicaid Expansion funding utilizing contract nursing agencies. She noted in fiscal year 2023, Jamestown Regional Medical Center spent $39.9 million on compensation related-expenses and the total travel labor represented 12.8 percent of the total spending. She also noted supporting federal regulations is the best way to mitigate the increasing costs without negatively impacting the state.

No further business appearing, Senator Davison adjourned the meeting at 3:00 p.m.

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Samantha E. Kramer
Senior Counsel and Assistant Code Revisor

ATTACH:9