

Testimony on SB 2012
House Appropriations-Human Resources Division
March 22nd, 2023

Good afternoon, Chairman Nelson and members of the House Appropriations-Human Resources Division. My name is Shawn Stuhaug, President and CEO of Bethany Retirement Living in Fargo. Bethany has 288 skilled care beds, 77 basic care beds, 96 assisted living apartments and 58 senior apartments. I am here to testify in support of SB 2012 which provides funding for skilled care and basic care facilities. Today I am going to highlight specifically the need for adequate funding for basic care facilities.

Bethany's model of Assisted Living provides for a base price which includes rent, meals and housekeeping (room and board). Personal care and nursing services are tailored to the resident and charged via an "a-la-cart" service selection. Assisted Living is primarily private pay with some residents who are able to access funding through their personal Long Term Care Insurance and up to 20 residents who, based on financial eligibility, can access Section 8 HUD assistance.

Basic Care is designed to be an "all inclusive" model of care. This means residents have one daily rate that includes room, board, personal care and nursing services. All Basic Care residents receive three meals and three snacks each day. In terms of personal care and nursing service all residents receive medication administration, assistance with showering, and assistance with laundry and housekeeping. In addition many residents receive assistance with dressing, various nursing treatments and assistance to get to

meals and activities. Basic Care nursing staff provides case management services to assure residents receive medical care as directed by their physician. This includes arranging appointments, transportation and completing necessary follow-up after the appointment. Basic Care through Bethany's participation in the BCAP program allows for residents to access ND Medical Assistance to help pay for their costs in Basic Care.

At Bethany, the payor sources for the residents are as follows:

Skilled Nursing Care: 44% Private Pay, 12% Medicare, 44% Medicaid

Basic Care: 20% Private Pay, 80% Medicaid

Assisted Living: 90% Private Pay/Insurance, 10% HUD

Senior Apartments: 100% Private Pay

Note: Residents living in a SNF or Basic Care Facility who qualify for Medicaid pay all of their income to the facility—referred to as recipient liability. Medicaid then pays the amount left after the recipient liability. The only money a resident is able to keep is enough to offset the cost of a medical insurance policy and a small personal needs allowance.

Many of the residents we serve in our basic care operations are poor and have tried to live independently with services, but failed to thrive due to the need for 24 hour supervision. Without basic care, many of these residents would need a skilled nursing setting for 24- hour supervision at a much higher cost. Bethany's Basic Care services cost \$142.93 per day. Of that daily cost, only \$1.79 is a margin for us to operate and pay for cost of care increases over the ensuing year that inflation adjustments to our rates don't pay for. For the rate year of July 1, 2022 to June 30th, 2023 we were given a .25% inflation adjustment to our rates.

I'm sure you have heard from many, during their testimonies, that the cost increases over the past year have been well over .25%. In our basic care operations we have seen utility cost increases of about 30% and salary expense increases of about 6%. Over the past 3 years, we have had negative net income and negative cash flow in our basic care operations. In 2023, we are budgeted to lose more than \$300,000 on \$3.7 million of revenue. Cost of care is outpacing the reimbursement levels given in basic care.

Basic Care is a low cost option for those needing extra care. Basic Care offers a nice transition for those that have lived in senior independent housing or assisted living versus going directly into a skilled nursing facility. The health care system works best when people can move within the continuum of care and move to the next level only when it is absolutely necessary. This saves the health care system money and keeps people in the level of care they need to live their life to the fullest.

Thank you for the opportunity to testify in support of SB 2012. I would be happy to answer any questions.

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