

Testimony on SB 2283
Senate Appropriations Committee
February 13, 2023

Good afternoon, Chairman Bekkedahl and members of the Senate Appropriations Committee. My name is Shelly Peterson, President of the North Dakota Long Term Care Association. We represent 192 assisted living, basic care, and skilled nursing facilities in North Dakota. I am here today to ask for your support of SB 2283.

This legislation is one of the most important priorities for us this session. Why? Because it is so desperately needed.

The Basic Care Assistance Program is a key component of the long-term care continuum in North Dakota. Basic care is unique to North Dakota, no other state has basic care. Over 50 years ago, the program was funded by the counties in a response to help poor, older folks who needed 24 hour supervision, supported housing, and services but did not need 24 hour skilled nursing home care. Today it remains the most affordable 24 hour care option in the state. To demonstrate cost effectiveness, look at the chart labeled, "Average Annual Cost by Type of Service in LTC Continuum", (Analysis of September 2022 Claims Data)-Page 1.

Basic care facilities provides 24 hour congregate care, but not 24 hour skilled nursing care like nursing homes. Residents need support, care, and assistance with activities of daily living. This program helps lower income individuals pay for the cost of care in this setting.

So what kind of folks are talking about living in basic care? See chart labeled, Basic Care Facts – Page 2.

What is the cost, to deliver this type of 24 hour care? Look at the chart labeled, Basic Care Cost – Page 3.

As you see in the chart, for the period ending June 30, 2022, facilities on average were losing -8.69 cents per person per day.

The last six months the losses are even greater. What is happening? Last year we had record inflation averaging 9%, and we continue to have unprecedented spending because of the public health emergency. During this time of record inflation, basic care facilities received an increase in their rates of .25%, one quarter of one percent.

Basic care facilities were required to set-up a Covid unit to isolate and treat Covid-19 positive residents. Source control is used daily, gloves, gowns, face shields and face coverings. This level of personal protective equipment was new to basic care and the financial impact is still occurring. Staff with any symptoms are not allowed to work, so overtime continues to soar and the use of contract nursing is growing in basic care.

Remember, I told you basic care is unique to North Dakota. It is so unique that when the federal government provided Covid relief funds for hospitals, nursing homes, physician offices and other providers, basic care received minimal funding. The federal government doesn't even know this provider type exists.

In the 2015 legislative session, you passed legislation to help improve the basic care payment system, but it was never implemented. Today, the language remains in statute but the relief never materialized.

Today we are asking you for relief. Basic care facilities and the residents they care for need your help.

Let me walk you through the bill and tell you what is being requested and how much it will cost.

SECTION 1

SUBSECTION 1 establishes the frequency of setting basic care limits.

Subsection 1 says the limits shall be updated every four years beginning with July 1, 2023. That is very important as the limits have not been updated for years.

SUBSECTION 2 establishes how the limits will be set.

SUBSECTION 3 provides for inflationary increases of 6% in 2023 and 4% in 2024 on rates and limits. This is in following with the Governor's recommendation for the state employees. Currently what is proposed for Medicaid providers is 4% and 3%. We recognize you will determine inflation levels for everyone and appreciate Senator Dever asking for what a 4/4 would cost.

SUBSECTION 4 provides one-time funding of ten dollars per day for 2023 and continuing in 2024. This is needed to help facilities become financially viable. Since July 1, 2022, two basic care facilities are no longer operating. More will certainly follow if we can't provide some immediate help. DHHS estimates this has a fiscal impact of \$11 million dollars. See Page 4 of attachments.

SUBSECTION 5 This subsection is not new, it has been in statute since 2015 but has never been implemented. We are currently in discussion with DHHS on this issue to see if some relief for uncompensated care can be provided now.

SECTION 2 Is the necessary appropriations for basic care. I believe this should now be the revised figure of \$11,082,484,56 in total funds. This is the one-time funding of \$10 per day for the next biennium. The rebasing is in SB 2012 and so are the inflators of 4/3.

SECTION 3 Outlines continued study of basic care. Every item is important and was not studied in the first study just completed. The topics for study include:

- 1) Property – currently doesn't allow you any money to upgrade or invest in your facility, including necessary life safety improvements.
- 2) Uncompensated Care – currently not provided even though we care for vulnerable exploited adults with nowhere else to go. One small rural facility is currently caring for a vulnerable adult., whose child and grandchild were prosecuted and convicted for financial exploitation. That bill has grown to over \$80,000 and Medicaid has denied twice because of complicated issues surrounding the case.
- 3) Supported Housing – what is the role of basic care in addressing our homeless population?
- 4) Operating Margin – currently the rules call for a 3% operating margin but it's calculated on a small portion of the rate. This payment ranges from .78 cents a day to \$2.49. The facility

getting the \$2.49 per day per resident is the one that closed last summer. They were small, with just 16 residents, thus they received \$39.84 for a daily operating margin.

- 5) What should inflationary adjustment be for basic care?
- 6) This allows for study of the payment system for the Dementia and head injury facilities.
- 7) Structuring payments to provide an incentive for providers to serve individuals with behavioral health needs. Most important in this item is assuring those with behavioral health needs get the services they need if they are living in basic care.

To complete the study DHHS is asking for \$600,000.

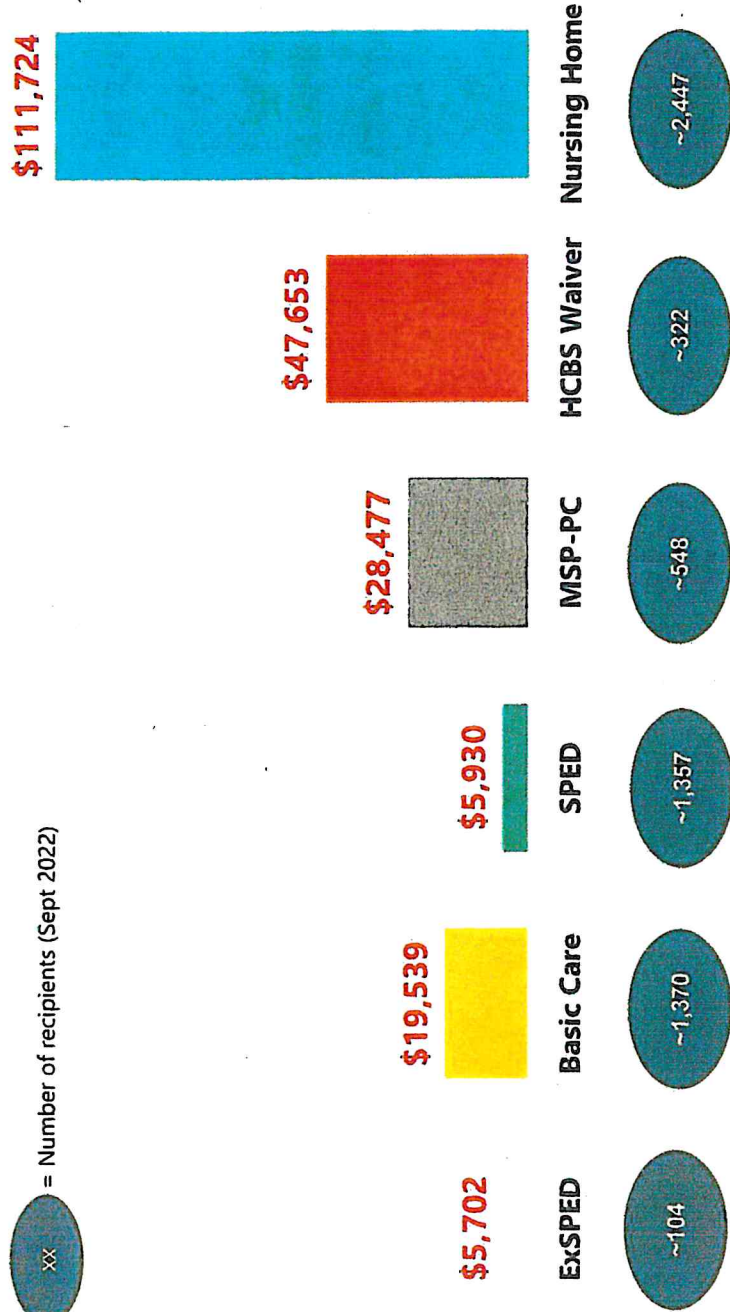
Thank you for your favorable consideration of SB 2283 and the \$11 million dollars.

Thank you for the opportunity to testify. I would be happy to answer any questions.

Shelly Peterson, President
North Dakota Long Term Care Association
1900 North 11th Street
Bismarck, ND 58501
(701) 222-0660

Average Annual Cost by Type of Service in LTC Continuum (Analysis of Sept 2022 claims data)

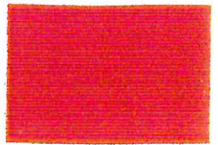
XX = Number of recipients (Sept 2022)



Eligibility criteria evaluate both a person's functional and financial needs.

- Ex-SPED is the in-home alternative to Basic Care
- HCBS waiver and MSP-PC are in-home alternatives to Nursing Homes
- SPED assists people with higher asset levels (up to \$50,000)

Basic Care Facts



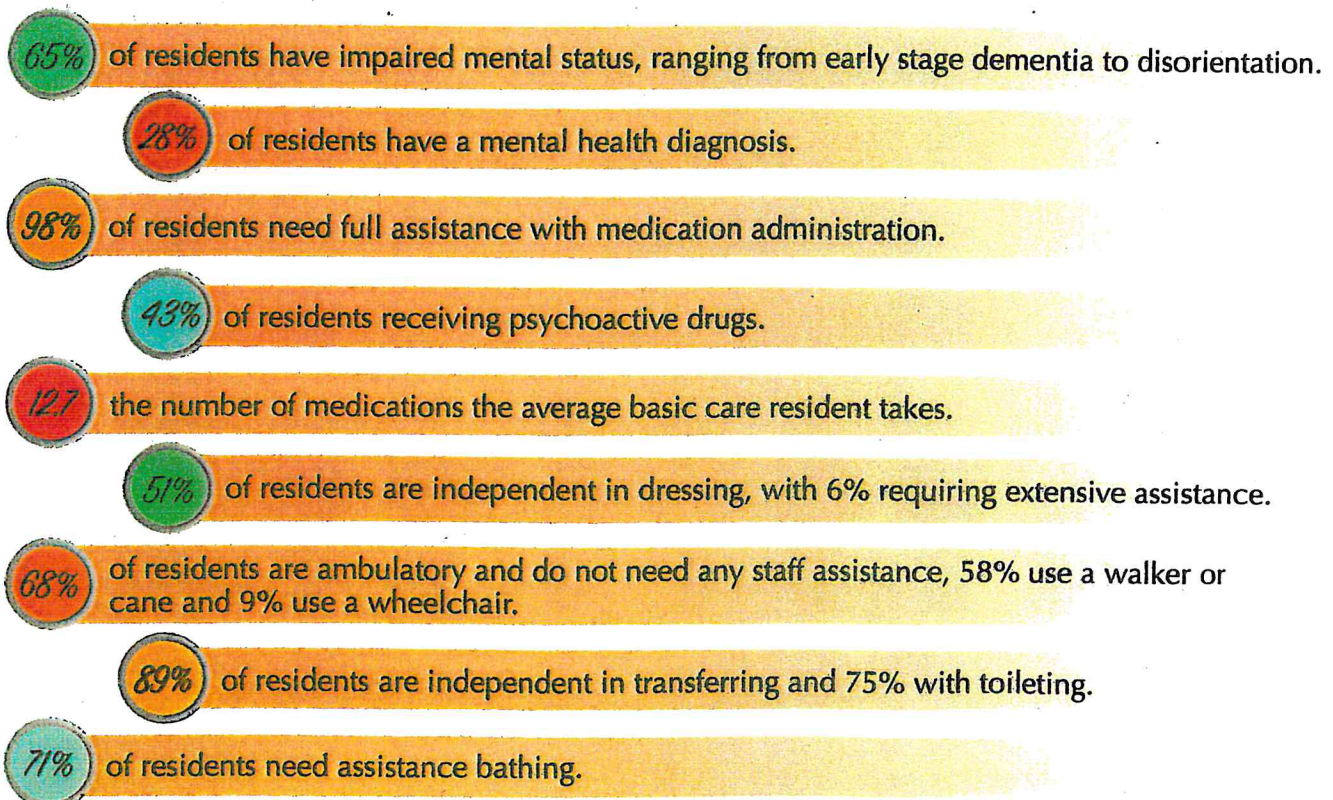
BASIC CARE AT A GLANCE

65 licensed basic care facilities
2,105 licensed units
2022 average occupancy was **72%**

Basic Care Facts

- A basic care facility is a congregate residential setting with private and semi-private rooms, providing 24-hour staffing.
- Basic Care provides an all-inclusive rate providing room, meals, personal care services, supervision, activities, transportation, medication administration, nursing assessment, and care planning.
- Current residents range in age from 33 to 110 years old, with the average age being 81.

Care needs of basic care residents



Basic Care Facts

Basic Care COST

Almost half of the residents living in basic care need assistance to pay for their care. The average basic care assistance rate on July 1, 2022 was \$137.56 per day. The average cost for providing care is \$146.25, so for each resident served, the facility is losing almost \$9.00 per day.

Almost half of all basic care facilities are operating at a loss, with 35% indicating they get few applicants for numerous open positions and feel they are in a continuing workforce crisis.



Does LTC Insurance pay in Basic Care Facilities? *11% of residents have LTC insurance that helps pay for their care. n=798



Continued losses of the *past 7 years* are making it almost impossible to care for the residents with B-Cap (state assistance) as a payment source.

Basic Care Average Costs and State Reimbursement Rates

\$	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022
Average Cost	\$116.12	\$117.26	\$121.64	\$130.52	\$124.52	\$133.92	\$146.25
Average Rate	\$107.88	\$111.60	\$117.13	\$123.80	\$122.83	\$129.12	\$137.56
Difference	-\$8.24	-\$5.66	-\$4.51	-\$6.72	-\$1.69	-\$4.80	-\$8.69

Shelly Peterson

From: Shelly Peterson
Sent: Tuesday, February 7, 2023 9:18 PM
To: Obrigewitch, Rhonda A.
Subject: RE: Voice Mail (59 seconds)

Thanks Rhonda, our intent was to have it added once in July 2023 and continue in the second year and then stop it. Thanks, so the impact would be your last option. Shelly

From: Obrigewitch, Rhonda A. <robrigewitch@nd.gov>
Sent: Tuesday, February 7, 2023 5:50 PM
To: Shelly Peterson <shelly@ndltca.org>
Subject: RE: Voice Mail (59 seconds)

Hi Shelly, I hope this helps.

The total for rebasing is

	<u>Total</u>	<u>General Fund</u>	<u>Federal Fund</u>
Year 1	\$2,998,908.12	\$1,938,970.00	\$1,059,938.12
Year 2	\$2,147,652.72	\$1,360,438.40	\$787,214.32
	<u>\$5,146,560.84</u>	<u>\$3,299,408.40</u>	<u>\$1,847,152.44</u>

Cost of the \$10 increase, if added each July (that is the assumption we made in the fiscal note)

	<u>Total</u>	<u>General Fund</u>	<u>Federal Fund</u>
Year 1	\$5,541,244.56	\$4,067,060.56	\$1,474,184.00
Year 2	\$11,082,480.00	\$8,134,111.00	\$2,948,369.00
	<u>\$16,623,724.56</u>	<u>\$12,201,171.56</u>	<u>\$4,422,553.00</u>

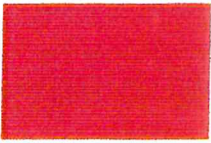
Cost of the \$10 increase, if added only once in July 2023 but continues through the second year.

Total Increase

	<u>Total</u>	<u>General Fund</u>	<u>Federal Fund</u>
Year 1	\$5,541,244.56	\$4,067,060.56	\$1,474,184.00
Year 2	\$5,541,240.00	\$4,067,056.00	\$1,474,184.00
	<u>\$11,082,484.56</u>	<u>\$8,134,116.56</u>	<u>\$2,948,368.00</u>

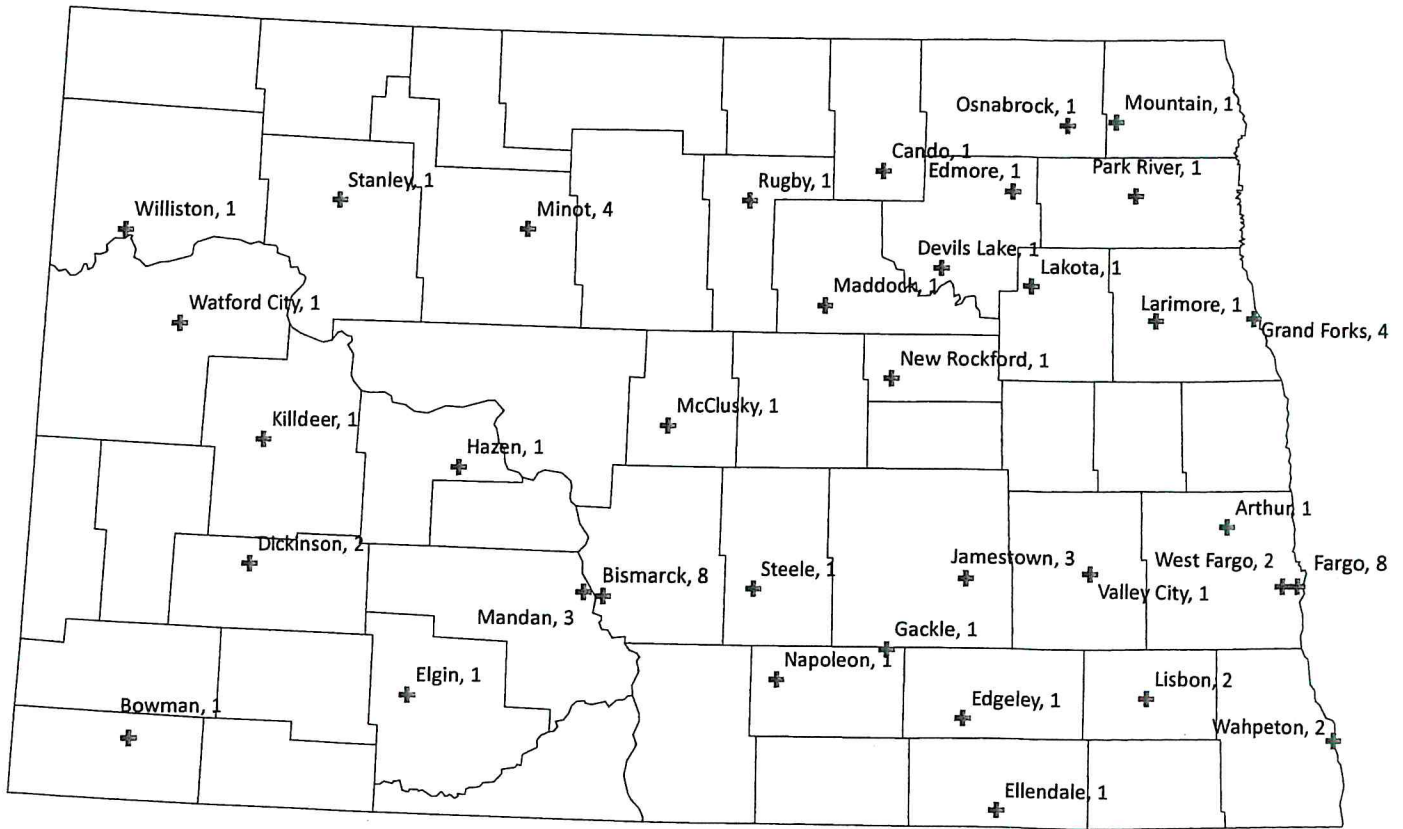
If you have questions, let us know.

Thanks.



Basic Care Map

North Dakota Basic Care Facilities, 2022



+ City (Number of Basic Care Facilities)



Source: ESRI, North Dakota Long Term Care Association Created by the North Dakota Healthcare Workforce Group on 12/19/2022

