



Testimony in Support of House Bill 1012

House Appropriations
Human Resource Section
Representative Jon Nelson, Chair
Wednesday, February 5, 2025

Good afternoon, Chairman Nelson and Members of the House Appropriations, Human Resources Section. My name is Tim Eissinger, and I have the privilege of serving as President and CEO of Anne Carlsen. Anne Carlsen has been providing services to individuals and their families with intellectual and/or developmental disabilities or delays for over 83 years. We offer services in eight communities in North Dakota, including treatment, services and supports for nearly 3,000 children and adolescents with some of the most medically and behaviorally complex needs in the state.

Medically Complex Population

Examples illustrating this level of care include the children and young adults we serve through the Intermediate Care Facility (ICF) on our new Jamestown campus. We have just settled into this much-needed and long-awaited campus, which was designed to better address the specialized needs of this medically-complex population. At present, we are providing care for over 20 individuals with high-risk multi-system complexity, including 13 who have tracheostomies and 11 of whom require ventilator support. The level of support they require underscores the critical need for sustainable funding and policies that ensure access to the specialized services essential for their health, safety, and quality of life.

Today, I would like to highlight the significant financial challenges Anne Carlsen has faced in serving these individuals with medically and/or behaviorally complex needs at the intermediate care facility care level or ICF. Over the past three years, the state's own cost report data, charted below, clearly indicates continuing and significant operating losses at the ICF level for Anne Carlsen that have progressively increased. We expect additional, growing losses this next biennium.

Anne Carlsen Center Intermediate Care Facility Financial Performance

<i>Year</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Net Loss</i>
2022	\$17,291,019	\$19,288,833	(\$1,997,814)
2023	\$17,592,781	\$19,748,040	(\$2,155,259)
2024	\$19,114,847	\$21,877,247	(\$2,762,400)

There are numerous contributions to these repeated, year-over-year losses:

- (1) Staff Wages & Benefit Costs:* Due to an ultra-competitive labor market for nurses, respiratory therapists and other specialized medical personnel, we have been forced to increase wages at a pace disproportionate to reimbursement rate adjustments. Retaining high-quality staff, particularly specialized medical personnel—remains critical to serving some the most vulnerable children and adolescents in the State of North Dakota.
- (2) Staffing Availability & Reliance on Contracted Staff:* Workforce shortages have led to a 272% increase in spending on traveling staff from 2022 to 2024. These contracted professionals cost approximately 50% more than full-time employees, further impacting the financial strain.
- (3) Rising Operational Costs:* Non-wage expenses have also surged beyond reimbursement levels. Additionally, supply costs rose 4% in 2023 and another 8% in 2024. These compounding increases make it increasingly difficult to maintain essential services at our Jamestown facility.

(4) Revenue constraints: Anne Carlsen would request that any legacy constraints present in the rate calculation be eliminated, and that the people we serve have access to the full rate as calculated for their care and treatment.

Square Peg in Round Hole

Working collaboratively with the department on better, systematic solutions for the future, we understand that our services for children and adolescents with medically and behaviorally complex issues are frequently referenced as “the square peg in a round hole” in the DD system. The department has referred to us as an “extreme outlier,” which we very much agree and appreciate. We have held a number of meaningful discussions on-site in Jamestown with Jessica Thomasson, Sarah Aker, and Tina Bay as we’ve worked towards finding the best health system as well as a fiscally sound approach to this level of care. We have appreciated their efforts to fully understand both our accomplishments and challenges in providing this level of treatment and care required for the medically complex.

Solution #1: Change from an ICF to a Specialty Hospital

As a group, we believe our best option at this point is to change our licensing from an ICF license to a Specialty Hospital license, as has been recommended by the department. This change, we understand, will allow the state to reimburse us in a way that more accurately and fairly reflects the complexity of needs of the individuals for whom we provide care. Legislation is not needed for this change and it can be implemented by administrative rule, which the department has indicated it will lead.

Solution #2: Support to Offset Current and Expected Operating Losses

In consideration of the three years of operating losses previously incurred, Anne Carlsen would respectfully request consideration of an additional appropriation sufficient to cover 50% of the ICF operating losses from 2022, 2023 and 2024. Total losses for the previous three-year

period amounted to \$6,915,473. 50% of the \$6.9M operating loss would translate to an appropriation request of \$3,457,736 in an attempt to make Anne Carlsen partially whole. We think 50% of these losses is rational and disciplined as we have shared skin in the game with these losses.

In consideration of the upcoming biennium, Anne Carlsen would also respectfully request consideration of an additional appropriation sufficient to cover expected losses over the time period while working to secure and implement the Specialty Hospital license with Anne Carlsen in Jamestown, which we believe could be at least a year, if not two. That amount would be calculated at \$2.2M for each year of the upcoming biennium or a total of \$4.4M.

I acknowledge both the size of the request as well as the major task in front of this committee in regards to managing the largest section of the state budget. Please know that Anne Carlsen is open to continued discussions to find the best and most fair solution possible.

Conclusion

That concludes my testimony, and I would be happy to address any questions the committee might have.

Sincerely,

Tim Eissinger, CEO
Anne Carlsen