



## **Testimony in Support of House Bill 1012**

Senate Appropriations  
Human Resource Division  
*Senator Dick Dever, Chair*

Tuesday, March 18<sup>th</sup>, 2025

Good morning, Chairman Dever and Members of the Senate Appropriations, Human Resources Division. 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 people with intellectual and/or developmental disabilities or delays and their families for over 83 years. We offer services in eight communities in North Dakota, including treatment, services and supports for nearly 3,000 people, including treating children and adolescents with some of the most medically and behaviorally complex needs in the State.

### **Serving children with Medically Complex needs**

Examples illustrating this level of care include the children and adolescents we serve through the Intermediate Care Facility (ICF) on our Jamestown campus. 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 policies that ensure access to the specialized services essential for their health, safety, and quality of life and sustainable funding designed to support that level of care.

Today, I would like to highlight a solution that will address both providing a critical service to children with medically complex needs in North Dakota, as well as address the significant financial challenges Anne Carlsen has faced in serving those with medically complex needs with an ICF level of care over the past three years. Over that time period, the state’s own cost report data clearly indicates progressively increasing operating losses within the ICF at Anne Carlsen.

Anne Carlsen Center Intermediate Care Facility Financial Performance

<i>Year</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Net Loss</i>
2021/2022	\$17,291,019	\$19,288,833	(\$1,997,814)
2022/2023	\$17,592,781	\$19,748,040	(\$2,155,259)
2023/2024	\$19,114,847	\$21,877,247	(\$2,762,400)

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

- (1) Competitive Staff Wages & Benefits for specialized personnel:* 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.
- (2) Staffing Availability & Reliance on Contracted Staff:* Workforce shortages have led to a 272% increase in spending on traveling contracted 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. As an example, 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.

## **Square Peg in Round Hole**

Working collaboratively with the Department on better options for the future, we understand that our services for children and adolescents with increasing medical needs are more frequently referenced as “the square peg in a round hole” in the DD system.

As an example, I'd like to tell you about one of the children at Anne Carlsen. This child with Autism, a North Dakota resident, suffered an anoxic brain injury and required out of state medical care. As his medical condition stabilized and his recovery slowed, the team at Mayo Clinic Hospital made a referral to Anne Carlsen. It was noted in the referral that the child was minimally responsive, had plateaued in his rehabilitation and had a poor prognosis; however, was hoping to get the child closer to his family in North Dakota. It took about 6 months for an opening that allowed Anne Carlsen to bring this child back to North Dakota. Upon admission, he did not qualify for the ICF Medical Acuity rate; however, our team of nurses, therapists and CNAs, under the direction of Dr. Quanrud our Medical Director provided care and services to meet this child's needs. Initially, the team noted incremental changes; however, within months, the child began to respond more and more. As of today, this child is walking – starting to run; is eating with minimal assistance and is starting to produce sounds and basic words. We are hopeful that he will leave our services with functional skills and increased independence when he returns home. While the level of care that he required initially was significant, as his condition has stabilized and his recovery has progressed, his needs have changed. When he first arrived he required more intense medical, nursing, and therapy services. As his medical needs have lessened, he now requires less intense medical and nursing care; however, is benefiting greatly from his speech, occupational and physical therapy services. While this type of outcome is not always the case, I believe it illustrates the need for Anne Carlsen to be considered differently with respect to ICF level of care.

We have held a number of meaningful discussions with Jessica Thomasson, Sarah Aker and Tina Bay as we've worked towards finding the best medical treatment model as well as a fiscally sustainable approach to this level of care. We have appreciated their efforts to fully understand both our challenges and opportunities in providing the level of treatment and care required.

### **Solution #1: Adding Specialty Hospital Licensure**

As a group, we believe our best option at this point is to add a Specialty Hospital license to our existing ICF, as has been recommended by the department. This change, we understand, will allow the state to reimburse us in a way that more fairly and accurately reflects the complexity 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 upcoming biennium, Anne Carlsen would 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 for a portion of the beds for Anne Carlsen in Jamestown. That amount, based on an average of current ICF losses, would be calculated at \$2.2M for each year of the upcoming biennium or a total of \$4.4M.

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.

I acknowledge both the size of the request as well as the major task in front of this committee in regard 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 for children and families needing this essential care and treatment.

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

Sincerely,

Tim Eissinger, CEO  
Anne Carlsen