

Testimony on Basic Care History
Senate Appropriations-Human Resources Division
March 18, 2025
HB 1012

Chairman Dever and members of the Committee. My name is Shelly Peterson, a consultant with the North Dakota Long Term Care Association. Thank you for the opportunity to testify in support of HB 1012 addressing the history of basic care and how ND got into this program.

For over 100 years Basic care facilities have cared for North Dakotans. The Odd Fellows Home in Devils Lake celebrated 100 years of service in 2024 and St. Ann's Guest Home in Grand Forks just hit their 75th year in 2024. Questions came up last week in your committee about the history and why did ND ever develop basic care services. I would like to provide a brief history of basic care. Today there are 66 facilities accounting for **2,097** licensed beds with an average occupancy of **72%**, which means facilities are caring for about 1509 residents on a daily basis. The majority, 74% rely upon this program to help pay for services and room and board.

HISTORY ON BASIC CARE:

Poor farms in America were created that housed, supported and employed the poor at the public's expense. They declined in the US after the Social Security Act took effect in 1935 and most disappeared about the 1950s. In ND non-profits and fraternal organizations sprung up to help and assist the elderly. They did a lot of fundraising and worked hard to care for those entrusted to their care. Eventually these facilities and those they were caring for reached out to what we know now as County Social Services and sought financial support to pay for the indigent who needed care. County social services became a lifeline for many. Some counties provided financial support to those they found financially eligible. Only Counties that had a facility located in their county funded the service, thus basic care services were not available statewide.

1991

Beginning on July 1, 1991, the state picked up 50% of the cost of basic care services for individuals eligible. The funding source was called optional supplementation, it was an optional service for the counties, and they could choose to participate or not. Thus, the service was still spotty and not available statewide. Prior to that each county decided what they would pay. When the state offered optional supplementation, the county was required to pay the state established rate. Since counties wanted the 50% match provided by the state, most counties paid the rate established by the state.

1993

In 1993, a law was passed (HB 1031) which mandated that a basic care facility has a responsibility to assure a resident's health and safety, assist with ADLs and IADLs, provide leisure, recreational and therapeutic activities, supervision of nutritional needs and medication administration. The law also required that all facilities meet the National Fire Protection Association 101 Life Safety Code.

1995

Effective 7-1-95, Basic care became a statewide service with the state responsible for 70% of the cost and the county paid 30%. A uniform functional assessment was implemented to assure the person had a documented need, as well as they needed to meet financial requirements. The counties completed both processes (need and financial eligibility). HB 1030 passed in 1995 requiring DHS to develop a rate system for Basic care.

1997

Effective 7-1-97 the state covered 100% of the cost of basic care and the counties were no longer involved in paying for basic care. A new rate system was implemented, including a 2% operating margin (calculated on a small portion of the rate).

1999

Effective 7-1-99 the operating margin was increased to 3% but was still only calculated on a small portion of the rate. This brought the average operating margin to .49 cents in 1999 and .51 cents in 2000. Today the average operating margin in basic care in 2024 was \$1.90.

Also, occurring in 1999 was a study of Basic care and Assisted living. They studied the inspection process, regulations and payment systems. They were also supposed to consider combining basic care and assisted living into one service model, thus eliminating any distinction between Basic care and assisted living. In the end there was not a recommendation to combine them into one service system. Assisted Living residents liked their retirement model of living and didn't want to lose autonomy and privacy, and they didn't want to be governed by additional state regulations. Assisted living continues to be a private pay market without government financial assistance for individuals. It was also found the Life Safety requirements for Basic care would be very costly and prohibited for assisted living to comply with.

2001

In 2001 the legislature gave DHS (HB1115) authority to apply for a personal care option with CMS. If approved this would allow ND to access federal funds to help pay for Basic care services. CMS approved this option, and this funding source continues today. (As a side note Sarah Akers has indicated she doesn't feel CMS would approve this option today).

2007

In 2007 the legislature mandated all basic care life safety surveys be announced and one half of the health surveys be unannounced. Originally all surveys were unannounced. In a study by the Health Department, they concluded there was not any difference in outcomes between announced and unannounced surveys.

2015

In 2015 the legislature improved the payment system, but nothing was ever implemented because the DHS said they never received sufficient funding. HB 1215 passed allowing basic care attached to a nursing home or assisted living to share staff, as long as the facility still complies with all state and federal regulations.

2019

In 2019 legislation was passed allowing end of life care in basic care, as long as the facility could meet all the needs of residents.

2021

In 2021, DHS, the NDLTCA and members began a study on the basic care payment system. The group arrived at consensus on 4 items and those items were presented to the 2023 legislature and approved. It was agreed upon that the study was incomplete and that we should ask the legislature to fund and continue the study.

2023

In 2023 the legislature funded the study to evaluate the basic care payment system and provided \$600,000. Unfortunately, the study neglected to study the basic care payment system and major payments issues remain unresolved.

Today- 2025

The NDLTCA is back before the 2025 legislature asking for the payment issues to be addressed. Even if basic care moves to an HCBS model, the funding issues remain and need to be addressed. DHS has indicated to the Association moving toward this model will likely take at least two biennia to resolve, as a lot of issues need to be evaluated and resolved. We urge the committee not to rush this process and allow the time necessary to evaluate an HCBS model for basic care and determine the payment methodology. A vital component of the Basic care payment system has been state general funds paying for room and board, this is important as the population we are serving has little funds to cover room and board. If this part of the payment is eliminated basic care will likely not survive.

As you've heard no other state has a basic care program, but they do pay for this service in what they call assisted living. Our assisted living is truly retirement living but in other states it is really what we call basic care in ND. We are told some states don't pay for room and board, but they

float extra payments into the service delivery system to help offset room and board costs so they can serve the low income population. At the end of the day everyone just wants to be made whole and be able to provide quality services. We'd love to provide another 100 years of service and need your support to continue that tradition.

Thank you again for allowing me to testify and I would be happy to answer any questions you may have.

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