



SENATE HUMAN SERVICES COMMITTEE

FEBRUARY 4, 2025

TESTIMONY OF SENATE BILL 2399

Chair Lee, members of the Senate Human Services Committee, I am Kate Coughlin, Executive Director of Nexus-PATH Family Healing, appearing on behalf of Nexus-PATH's Psychiatric Residential Treatment Facility Luther Hall, located in Fargo, ND.

Psychiatric Residential Facilities such as the 16 bed, mixed gender Luther Hall, are critical to the mental health needs of youth in North Dakota. PRTF facilities provide a less restrictive setting than in-patient hospitalization and allow children a therapeutic environment to address symptoms of complex trauma and other mental health needs. In 2023 and 2024, Luther Hall supported 36 individual children each year. In 2025, 13 youth have received these critical services and supports to date.

A unique challenge faced by PRTF's in the state of North Dakota lies with the cost reporting system and structure. SB 2399 addresses some of the barriers to sustainability of these critical services. While it doesn't alleviate all barriers faced with the current cost reporting modality, it is a critical first step in North Dakota creating a sustainable and responsive fiscal structure to maintain this level of care.

The addition to section 50-24.1 of "Emergent Costs" will have broad reaching impact for non-profit service providers. As it sits currently, agencies such as Nexus-PATH work continuously throughout the year to identify practices that will ensure the most positive outcomes for young people in North Dakota. The costs incurred when changes are made fall to the agencies for lengthy periods of time up to a year prior to the next cost reporting cycle where some, but not all costs, will be able to be recouped through a new rate. Nexus-PATH has a recent example of changes made in what is our fiscal year of 2025 that shed light on the challenges of incurring emergent costs. Due to the acuity of youth being admitted to PRTF level of care, Nexus-PATH identified the need to increase base wages for youth care professionals to \$21.00/hour and enhance the number of supervisor-level individuals supporting youth care professionals. These changes allow Nexus-PATH to recruit competent, caring, high quality staff. Adding additional supervisors allows for leadership to be present during all awake hours, creating enhanced stability and continuity of care. These investments will cost roughly \$200,000. These costs will be incurred by Nexus-PATH for all of 2025 before a portion of them can be recouped through the administrative rate set from the prospective cost reporting. Investments of this magnitude enhance the treatment quality for children in North Dakota, however, they are challenging to incur for non-profit service providers.

Other non-recurring costs are not considered in the cost reporting rules but are critical to ensuring that North Dakota's youth in need of this highest level of residential care stand the best chance at seeing a reduction in symptomology and returning to their home communities as expeditiously as possible. By allowing these costs to be reviewed as emergent costs and non-profit service providers being able to recoup some of these costs allows for agencies such as Nexus-PATH to continue to prioritize cutting edge treatment modalities. Things that can address workforce changes, ensure resident safety and ensure that our staff are trained in evidence based modalities allow us to remain steadfast in our commitment to ensuring PRTF level of care meets the needs of North Dakota's youth in the most efficient and effective way possible.

Due to North Dakota being a strict cost reporting structure with federal funds, there are limitations placed upon service providers due to caps on critical categories and limitations to funding sources, such as outside and state supplemented funding and availability. Senate Bill 2399 is the beginning of much needed reform to address the gaps in fiscal sustainability for non-profit service providers who choose to prioritize this critical level of care service. We appreciate the sponsors for bringing this important legislation forward, and would ask the committee to give it a "DO PASS" recommendation.

Thank you for your time and attention. I would be happy to answer any questions.