

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET SECTION

Teleconference Meeting

Friday, August 18, 2000

Governor's Conference Room, State Capitol

Bismarck, North Dakota

Mienecke Board Room, Memorial Union, North Dakota State University

Fargo, North Dakota

Senator Gary J. Nelson, Legislative Council Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Ole Aarsvold, LeRoy G. Bernstein, James Boehm, Merle Boucher, Rex R. Byerly, Ron Carlisle, Al Carlson, Jeff Delzer, John Dorso, Serenus Hoffner, Robert Huether, James Kerzman, Ed Lloyd, David Monson, Ronald Nichols, Ben Tollefson, Francis J. Wald; Senators John Andrist, Bill L. Bowman, Tony Grindberg, Joel C. Heitkamp, Aaron Krauter, Ed Kringstad, Elroy N. Lindaas, Gary J. Nelson, David E. Nething, Larry J. Robinson, Ken Solberg, Harvey D. Tallackson, Steve Tomac

Members absent: Representatives Jack Dalrymple, Pam Gulleeson, Jim Poolman, Ken Svedjan, Mike Timm, Janet Wentz; Senators Ray Holmberg, Pete Naaden, Rod St. Aubyn

Others present: Rod A. Backman, Office of Management and Budget, Bismarck

Yvonne Smith, Dave Zentner; Department of Human Services, Bismarck

EMERGENCY COMMISSION REQUEST

Mr. Rod A. Backman, Director, Office of Management and Budget, explained the Emergency Commission request. Mr. Backman said the Emergency Commission, on August 17, 2000, approved the Department of Human Services request to increase federal and other funds spending authority and the grants-medical assistance line item of the Economic Assistance Subdivision by \$24,653,060 for funds available from Medicaid funding (\$17,360,685) and a loan from the Bank of North Dakota (\$7,292,375) for making government nursing facility funding pool payments, pursuant to Section 4 of 1999 Senate Bill No. 2168. This payment represents the 1999 funding payments. Mr. Backman said the Department of Human Services is concerned that the federal Health Care Financing Administration may implement rules that could reduce or eliminate North Dakota's ability to claim federal funds through the intergovernmental transfer program. Mr. Backman said the Health Care Financing Administration has informed states that it

has serious concerns about the process used by states to claim these funds and that the administration intends to address the issue.

Mr. Backman said this request provides the appropriation authority for the department to make the government nursing facility funding pool payments to the nursing homes in Dunseith and McVille and to obtain a loan from the Bank of North Dakota for the state's matching percentage on the Medicaid funding being claimed. He said immediately upon the return of the funds from the Dunseith and McVille nursing homes, the department will repay the Bank of North Dakota loan and will deposit approximately \$17.3 million in the health care trust fund. He said the department is not seeking authority to spend any additional moneys from the health care trust fund.

Senator Nething asked whether any contact has been made with the National Governors Association or the National Conference of State Legislatures regarding this issue since the department has submitted its Emergency Commission request. Senator Solberg indicated that at the National Conference of State Legislatures annual meeting in Chicago in July, representatives of the Health Care Financing Administration presented information on this program. He said the representatives indicated that the Health Care Financing Administration intends to reduce the ability of states to claim federal funds through the intergovernmental transfer program due to the improper use by some states of the Medicaid funding being received through this program.

Representative Boucher said the 2001 Legislative Assembly will be considering options for the use of the money in the health care trust fund. He suggested North Dakota focus its use of these funds for nursing homes and other long-term care related purposes.

Representative Carlson asked for the implications of approving this request on the 2001-03 biennium budget. Mr. Backman said approval of this request will result in an additional \$17.3 million being deposited in the health care trust fund. He said the fund has a current balance of approximately \$26 million; however, he said, approximately \$10.5 million has

been committed for service payments to the elderly and disabled and for nursing facility alternative grants and loans.

Senator Nelson said once the funds are deposited into the health care trust fund, the Legislative Assembly will determine how the funds are spent.

Mr. Dave Zentner, Department of Human Services, said that North Dakota's state plan has been approved by the Health Care Financing Administration and is the basis to allow North Dakota to claim these funds. He said 16 other states are using this same process, and 12 more states have applications pending to amend their state plans to allow them to use the intergovernmental transfer program to access additional federal funds.

Mr. Zentner said representatives of the Health Care Financing Administration informed him yesterday that the release date for the proposed rules that will affect the intergovernmental transfer program is unknown.

Senator Nelson said because of the uncertainty of the proposed rule changes that will be released by the Health Care Financing Administration, it is important for the Budget Section to act on this request now rather than to wait until the Budget Section's October 4, 2000, meeting.

It was moved by Senator Tallackson, seconded by Senator Solberg, and carried on a roll call vote, that pursuant to North Dakota Century Code Sections 54-16-04.1 and 54-16-04.2 and Section 4 of 1999 Senate Bill No. 2168, the Budget Section approve the following request which has been authorized by the Emergency Commission:

- **Department of Human Services (Request #1301) - To increase federal and other funds spending authority and the grants-medical assistance line item of the Economic Assistance Subdivision by \$24,653,060 of federal Medicaid funding (\$17,360,685) and a loan from the Bank of North Dakota (\$7,292,375) for making government nursing facility funding pool payments, pursuant to Section 4 of 1999 Senate Bill No. 2168.**

Representatives Aarsvold, Bernstein, Boehm, Boucher, Byerly, Carlisle, Carlson, Delzer, Dorso, Hoffner, Huether, Kerzman, Lloyd, Monson, Nichols, Tollefson, and Wald and Senators Andrist, Bowman, Grindberg, Heitkamp, Krauter, Kringstad, Lindaas, Nelson, Nething, Robinson, Solberg, Tallackson, and Tomac voted "aye." No negative votes were cast.

The committee adjourned subject to the call of the chair at 9:25 a.m.

Allen H. Knudson
Assistant Legislative Budget Analyst and Auditor

Jim W. Smith
Legislative Budget Analyst and Auditor