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# 2003 SENATE HUMAN SERVICES

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SB 2153

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#### 2003 SENATE STANDING COMMITTEE MINUTES

#### **BILL/RESOLUTION NO. SB 2153**

Senate Human Services Committee

**Conference** Committee

Hearing Date January 15, 2003

	5800 - end
<u> </u>	0 - 1112
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Minutes:

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SENATOR JUDY LEE opened the public hearing for SB 2153 relating to a provider assessment for intermediate care facilities for the mentally retarded; and to provide a penalty.

BARBARA FISCHER, Manager Long Tenn Care and Hospital Services for the Department of Human Services, testified. She stated the Bill does contain a technical error and a copy of the amendment is attached to her testimony. The department recommends a do pass on this bill. (Copy of written testimony attached). (Tape 1, Side A, Meter # 5901 - end and # 0 - 240 on Side B)

TOM NEWBERGER, President of the North Dakota Association of Community Facilities, testified. (Written testimony provided) The NDACF have two concerns with this Bill. First, an assessment is being levied against Intermediate Care Facilities for people with mental retardation. Second, is the assessment would generate additional dollars for the state while causing a financial drain on providers. NDACF does support the bill. (Meter # 290 - 470)

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Page 2 Senate Human Services Committee Bill/Resolution Number SB 2153 Hearing Date January 15, 2003

DAVID ZENTNER: Commented on the concern of the Federal government. (Meter # 500 -

581)

JOHN LARSON, Executive Director of ENABLE, spoke in support of the bill. (No written

testimony) (Meter # 632 - 710)

BARBARA MURRAY, Chief Operations Officer at PRIDE, INC., testified in support of the bill.

(Meter # 723 - 761)

SENATOR LEE closed the public hearing on SB 2153. (Meter # 808)

No discussion.

SENATOR LEE mentioned the amendment.

SENATOR ERBELE made a motion to amend the bill in deleting the line on page 1

SENATOR FISCHER seconded the motion.

Roll call vote was done. 6 yes 0 no.

SENATOR ERBELE made a motion to do pass and rerefer to Appropriations.

SENATOR BROWN seconded the motion

Roll call vote was done. 6 yes 0 no.

SENATOR ERBELE will be the carrier. (Meter # 1112)

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#### FISCAL NOTE Requested by Legislative Council 01/21/2003

Amendment to: SB 2153

1A. State fiscal effect: Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005	Blennlum	2005-2007 Biennium		
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds	
Revenues				\$9,797,772		\$9,768,944	
Expenditures			\$1,868,724	\$3,964,524	\$1,897,552	\$3,935,696	
Appropriations							

1B. County, city, and school district fiscal effect: Identify the fiscal effect on the appropriate political subdivision.

200	1-2003 Bienr	nium	2003-2005 Biennium			2005-2007 Blennium		
		School			School	1		School
Counties	Citles	Districts	Counties	Cities	Districts	Counties	Cities	Districts

2. Narrative: Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

This bill relates to a provider assessment per licensed bed for intermediate care facilities for the mentally retarded. Although there is an added cost to the Department of Human Services, this bill will generate revenue of about \$5.8 million in special funds for the Tax Department, which will then be transferred to the Department of Human Services to be used as match in the medical services budget. In 03-05, these funds will be used to access \$12.4 million of federal Medicaid funds. If the bill is not passed, it would be necessary to further reduce services to recipients of Medicai Services by \$18.2 million, or find another source of revenue.

- 3. State fiscal effect detail: For information shown under state fiscal effect in 1A, please:
  - A. Revenues: Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The Tax Department will collect \$5.8 million in provider assessments in the 03-05 biennium.

The Department of Human Services will access \$3,964,524 in federal Medicaid funds in the 03-05 to pay providers for the cost of the provider assessment.

B. Expenditures: Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line Item, and fund affected and the number of FTE positions affected.

The Department of Human Services will incur \$5.8 million of additional grant expenditures, with \$1.87 million being general funds to reimburse providers for the cost of the provider assessment.

C. Appropriations: Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive

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budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

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The 2003-2005 Executive Budget Recommendation for Medical Services includes \$5.8 million in other funds generated by the provider assessment that is used to match \$12.4 million in federal Medicaid funds. If this bill does not pass, it would be necessary to further reduce services to recipients of Medical Services by \$18.2 million, or find another source of revenue.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	01/21/2003



#### FISCAL NOTE Requested by Legislative Council 01/03/2003

Bill/Resolution No.: SB 2153

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Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	01/14/2003



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Adopted by the Human Services Committee January 15, 2003

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# PROPOSED AMENDMENTS TO SENATE BILL NO. 2153

Page 1, line 16, remove "23-16 or"

Renumber accordingly



	Date: 01-15-0-3 Roll Call Vote #: 6								
	2003 SENATE STANI BII	DTES							
	Senate Human Services				Committee				
	Check here for Conference Com								
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	Legislative Council Amendment Num	nber _	38	234.0101					
	Action Taken Jul	a	mend	ed					
	Legislative Council Amendment Number <u>38334.0101</u> Action Taken <u>Bill Amended</u> Motion Made By <u>Len. Crucle</u> Seconded By <u>Len. Fischer</u>								
	Senators Senator Indu Los Chairman	Yes	No	Senators	Yes No				
	Senator Judy Lee - Chairman Senator Richard Brown - V. Chair.								
	Senator Robert S. Erbele	· ·							
	Senator Tom Fischer	1							
	Senator April Fairfield	V							
3	Senator Michael Polovitz	×							
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			Date: C Roll Call Vote #:	51-15 A- 11 /	- 0-9
2003 SENATE STANI	DING (	OMMITT			
BI	LL/RES	SOLUTION	INO. 2153		
Senate Human Services	····	<u></u>		Com	mittee
Check here for Conference Com	mittee				
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Legislative Council Amendment Num	-	~			
Action Taken	0	Pass	, as ane	neled	
Motion Made By <u>Sem. Cr</u>	bel	2. Second	ed By <u>Sen.</u>	Brou	un.
	Yes	No	Scinators	Yes	No
Senators Senator Judy Lee Chairman			(Schators	1 65	
Senator Judy Lee - Chairman				Ies	
			(5CMA(U) 5	1 05	
Senator Judy Lee - Chairman Senator Richard Brown - V. Chair. Senator Robert S. Erbele Senator Tom Fischer	V V		· · · · · · · · · · · · · · · · · · ·	ICS	
Senator Judy Lee - Chairman Senator Richard Brown - V. Chair. Senator Robert S. Erbele Senator Tom Fischer Senator April Fairfield	V V				
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Senator Judy Lee - Chairman Senator Richard Brown - V. Chair. Senator Robert S. Erbele Senator Tom Fischer Senator April Fairfield	V V				
Senator Judy Lee - Chairman Senator Richard Brown - V. Chair. Senator Robert S. Erbele Senator Tom Fischer Senator April Fairfield	V V				
Senator Judy Lee - Chairman Senator Richard Brown - V. Chair. Senator Robert S. Erbele Senator Tom Fischer Senator April Fairfield	V V				

If the vote is on an amendment, briefly indicate intent:

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### REPORT OF STANDING COMMITTEE (410) January 20, 2003 2:13 p.m.

#### Module No: SR-10-0788 Carrier: Erbele Insert LC: 38234.0101 Title: .0200

#### **REPORT OF STANDING COMMITTEE**

SB 2153: Human Services Committee (Sen. J. Lee, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE REREFERRED to the Appropriations Committee (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2153 was placed on the Sixth order on the calendar.

Page 1, line 16, remove "23-16 or"

Renumber accordingly



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2003 SENATE APPROPRIATIONS

SB 2153

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#### 2003 SENATE STANDING COMMITTEE MINUTES

#### **BILL/RESOLUTION NO. SB 2153**

Senate Appropriations Committee

**Conference** Committee

Hearing Date 1-27-03

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Tape Number	Side A	Side B	Meter #
1		X	260-4872
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Committee Clerk Signa	iture Sandra .	DAvison	

Minutes: Chairman Holmberg opened the hearing to SB 2153. Bill relating to the provider assessment for intermediate care facilities for the mentally retarded, and to provide a penalty. (Meter 380) Barbara Fischer, Manager of the Long Term Care and Hospital Service for the Department of Human Services: See written testimony Exhibit 1. (Meter 806) Senator Robinson: On page 2, walk through the assessment. (Meter 829) Barbara Fischer: The calculations started out first with determining what 6% of the gross revenues was for the ICF/MR providers in the state. We looked at the days that were paid and an average rate that was paid during 2002. We then estimated total revenues for a year and took 6% of that and divided by the licensed bed capacity in the state which is 695 ICF/MR beds. We then looked at the maximum amount and not knowing the total revenues for everybody, we can assess up to \$4575, given the fact of the small population we limited it to \$4,200 per bed. That is applied to licensed beds, that is different than occupied. (Meter 926) Senator Andrist: On page 2, there are only 2 individuals in ICF/MR facilities that are not funded by the state. This is a \$3200 whack for each of them?



Page 2 Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 1-27-03

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(Meter 963) Barbara Fischer: Because of the hold harmless provision, if a providers rate went up, a private pay individual would have to pay that rate. (Meter 977) Senator Andrist: You have private individuals paying that? (Meter 981) Barbara Fischer: The individuals have trust funds that are paying for their care. We do not have information of the number of private pay individuals that have been in ICF/MR facilities. Most of the individuals had trust funds that ran out and then they became Medicaid eligible. Currently there are only two individuals who through a trust fund are having their care paid for through the trust fund. There are six individuals being paid for by other state Medicaid programs or school districts or juvenile judice. It has typically only been one or two individuals in any given year that is private pay. If the provider was to include the assessment in their rate, they would have to increase their rate to private pay because Medicaid can not pay any more than what they would charge a private pay. (Meter 1086) Senator Andrist: So it is a \$4200 cost to those but it doesn't go to an individual's family, it goes a trust fund. (Meter 1100) Barbara Fischer: yes, it would be the client's responsibility not the family's responsibility. (Meter 1116) Senator Andrist: If the trust fund ran out of money, then it would be the states responsibility? (Meter 1117) Barbara Fischer: yes, they would become Medicaid eligible at that time. In addition to that, it is not exactly \$4200 because of the fact that it is based on the licensed capacity, if the facilities occupancy is less than their licensed capacity and they are running at less than 100%, it could increase the per day. The \$4200 per year calculates out to \$12.50 per day, if the facility was at a 100% occupancy. But most of the ICF/MR facilities are running about 7 licensed. If their occupancy is 6 beds, then that would calculate out to \$13.42 per day. (Meter 1271) Senator Bowman: Who are you taxing? Those at Grafton currently? Someone at Grafton who has private pay? Or is this new finance

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Page 3 Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 1-27-03

mechanism? (Meter 1310) Barbara Fischer: This is a legitimate federal financing mechanism that Medicaid departments have used in other states to finance with a provider tax. It is assessed against the provider not the against the individuals. (Meter 1505) Chairman Holmberg: If we do not pass this bill, then our subcommittee would have to come up with what amount? General fund money? (Meter 1537) Allen Knudson: Four million. (Meter 1565) Senator Krauter: Give us the historical perspective since 1993 by the federal government on the provider tax and the changes that they made to the state? (Meter 1605) Barbara Fischer: Didn't feel she could answer that question. Felt most of the changes were prior to 1993. (Meter 1700) Senator Krauter: What has happened with the federal government on the provider tax since it has been implemented and how it has effected the states budget year to year? In 1993, this was an issue in the legislature, what happened to it eventually. Did it totally pass? What was the reason? (Meter 1796) Barbara Fischer: It didn't make it through the house, I don't know why. Maybe at that time there was enough general funds available, I don't know. (Meter 1978) Senator Andrist: If you have a group home with seven beds, you are going to collect \$4200 more or less times 7 from them, these will be reimbursable costs for anybody that is covered under state Medicaid so they get there money back, the group homes are out any money. They only ones that are out are those two trust funds that are private pay. (Meter 2037) Barbara Fischer: yes, that is correct. (Meter 2061) Senator Robinson stated he was struggling with the policy structure, Celeste Kubasta from OMB stated that was part of the governor's recommendation. Shelia Peterson also commented on the budgetary operations. (Meter 2384) Senator Mathern: Why is there a separate bill? (Meter 2438) Sheila Peterson: Because there is substantial language that needed to be added to the Century code, to be in compliance with all the laws. (Meter 2684) Senator Bowman: This grant

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Page 4 Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 1-27-03

money or funding source comes in, is it built into the budget for the DD providers, who actually will get this increase? Or who will get this increase in wages? (Meter 2718) Sheila Peterson: The amount that is built in benefit directly for the ICF/MF is their rate increases so their assessed \$4200 dollars per bed per year. Their rates will go up proportionally to cover that. The balance of the revenue that would come in under this accounting is in the overall Medicaid budget for the Department of Human Services, it is not specifically ICF/MR nor can it be. It has to be broad based, it can't go back to them - it can't be hold harmless. (Meter 2809) Celeste Kubasta explained that the federal regulations restrict this to be a general use tax, it can't be dedicated towards the entity that is being tax. It has to be money that is available for any use. (Meter 2838) Senator Robinson: In terms of our correctional facilities that are classified as treatment facilities -therapeutic- would they in fact, ever qualify for a provider? (meter 2920) Barbara Fischer: The federal regulations define a health care provider juvenile or correctional facilities would be excluded for Medicaid dollars. If Medicaid dollars are flowing through there, it is because they have met other Medicaid provisions, they would not be considered a health care provider. Their main function is not health care. The health care providers they list would be nursing facilities, dentists, orthodontists, physical therapists, these are truly health care providers. It could be extended to the waivered facilities, but they do need a certain provision as of the date they had those ICF/MRs. (Meter 3033) Senator Grindberg: On SB 2153, the bill places an assessment tax on DD services and raises 4.2 million dollars, this assessment could pay for approximately 54% or eighty one cents an hour (\$.81) of the requested one dollar fifty (\$1.50) wage increase for DD services, there can't be a direct the tie between the assessment and the increase funding for DD services. The legislature can be still increase DD funding by this

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Page 5 Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 1-27-03

amount. Is this true? (Meter 3100) Barbara Fischer: The answer is yes, but you would have to find the funding source from somewhere funding source because this four million dollars (\$4,000,000) is built into the governor's budget. It can't be directly tied to that, but you could say because there was four million dollars that came in some place we are going to recognize that increase ICF/MR costs by another four million dollars but then that would leave a hold in the budget some place else. (Meter 3189) Senator Krauter: What if there is an emergency clause on this that went into effect immediately? How would that effect the current biennium? (Meter 3205) Sheila Peterson: Emergency clause could be accommodated. (Meter 3252) Barbara Fischer: The changes would have to be made if you did an emergency, the bill is set up to do a quarterly assessment, we could certain accommodate that on April 1. We would have to do rate changes, which we could do through emergency rule making. What the department anticipated was that in order for the providers to have the cash flow to do it, the assessment would be assessed as the of the first of the quarter, April 1st, as an emergency measure. We would assess April 1st, the tax department would assess it April 1st, based on the number of licensed beds we sent to them. The provider would have to pay that by June 30th. The Department of Human Services would go in and adjust the rate to the ICF/MRs in anticipation projecting out what their assessment would be so we would up their rates. They would have the cash flow as of June 30th to pay the assessment. We would need an effect emergency rule making authority to adjust the ICF/MR provider rates right away. (Meter 3400) Senator Lindaas: Trying to get a handle of what other facilities you are actually talking about other than developmental center. Are these small facilities that are scattered throughout the state? (Meter 3431) Barbara Fischer: That is correct, these are developmental disability facilities, they are ICF/MRs facilities that went to the

allant hill and in the second Call Call Street The micrographic images on this film are accurate reproductions of records delivered to Modern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the

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Page 6 Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 1-27-03

community based concept when the deinstitutionalization occurred in the '80s. They are a number of DD providers, the ICF/MR being the equivalent in the DD system, to a nursing facility. Then there is transitional living and minimally supervised would be the equivalent to a basic care. The only thing the federal government recognizes as institutional care is the ICF/MRs. There are group homes but they are being paid through our DD waiver. Those individuals are paying for their own room and board, and the Department of Human Services subsidizes their service needs. (Meter 3559) Senator Lindaas: How many are there - what are their sizes? (Meter 3587) Barbara Fischer: Typically they are an 8 bed facility, there are a few exceptions Fargo, 16 bed facility, etc. They are basically small facilities. (Meter 3672) Senator Christmann: How do you get to this point? Does one state figure this angle out and then everyone else copies that and we all make a bunch of extra money off of the federal government until they figure it out? Or does the federal government contact the state human services departments and say: if you will just raise some taxes we will give it to you? Does the federal government know what we are doing? Or is it something we are getting away with? (Meter 3748) Barbara Fischer: The federal government does know that this is a legitimate funding source that is why they have put so many regulations on it. (Meter 3950) Chairman Holmberg: The human services budget is a difficult one. The frustration from committee members is that we are putting in this providers tax to maximize our income from the federal government, it impacts a private pay individual on the peripheral just the two people that have been mentioned. We have looked at provider tax in the past and with the examples that you give, impacts the private pay individuals which becomes extremely unpopular against those folks and the legislators. But I think the level of frustration is higher because we are going to the beehive and whacking it and waking up the bees and we have

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Page 7 Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 1-27-03

already spent the honey. For us to put into the budget, it's already been spent, it's gone. (Meter

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4452) Jon Larson, Enable: See written testimony Exhibit 2

(Meter 4912) Chairman Holmberg closed the hearing to SB 2153.

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#### 2003 SENATE STANDING COMMITTEE MINUTES

#### BILL/RESOLUTION NO. SB 2153 vote

Senate Appropriations Committee

**Conference Committee** 

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Hearing Date 2-18-03 & 2-19-03

Tape Number	Side A	Side B	Meter #
1		X	4300-4949
-19-03 Tape # 2		x	195 - 467
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Minutes: Chairman Holtnberg opened the hearing to vote on SB 2153. Senator Bowman asked if this was the provider tax bill that's already in the budget and spent. (Meter 4358) Senator Andrist moved a DO PASS and Senator Tallackson seconded. Discussion was started. (Meter Senator Mathern: A little concerned that we haven't addressed the amendment to make sure that this goes back to the providers. (Meter 4400) Chairman Holmberg and Senator Bowman assured him that it is going back - in a circle - in SB 2012 proposed amendments. (Meter 4451) Senator Krauter asked to see the amendment for SB 2012. (Meter 4457) Senator Bowman stated that Legislative Council was still working on them. (Meter 4508) Senator Krauter asked how much would they be getting (the providers). (Meter 4512) Senator Bowman stated somewhere between 2 and 3.5 million. (Meter 4521) Senator Krauter: Per individual what is that? (Meter 4530) Senator Bowman: It's pretty close to 50 cents. (Meter 4551) Senator Krauter: My concern on SB 2153 is that we do provide that and I am hesitant to vote for it today unless I can see that. (Meter 4583) Senator Bowman: Assured the committee that there is an amendment draft that would

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Page 2

Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 2-18-03 2-19-03

cover this. (Meter 4629) Senator Mathern: Wanted to make sure that every cent goes back to the providers. Would that amendment require all of the money to go back to the providers or just part of it? (Meter 4650) Senator Bowman: stated that he didn't know the exact amount of money of the pool that is close to 2.5 and 3 or 4 million dollars, they didn't know either. Once again he stated, that's the money that there is an amendment being drafted right now to give directly back to the providers for wages. (Meter 4742) Senator Krauter: If you look at the bill it states 9.7 million dollars and Vice Chairman said 2.5, 3 to 4 million dollars, what is it? (Meter 4766) Senator Bowman: That's all the money we could find for that. We can't give the money directly to them. The law says we can't. (Meter 4789) Senator Krauter: I'm not arguing that, I would just like to see the numbers where we are going with this. I recommend we hold the bill until we have SB 2012. (Meter 4818) Celeste Kubasta: Of the 9.7 million in revenues that are shown there, approximately 1.9 of that is additional money that we have to give to providers to pay the tax. So that is inflating that number. Just for your information (Meter 4869) Senator Mathem: Is the remainder going to providers? (Meter 4878) Senator Bowman: No, we are using a different funding source to address the salary increases in the amendment. (Meter 4895) Senator Thane: I'm not going to introduce this amendment for additional 50 cents. (Meter 4918) Chairman Holmberg decided to hold the bill until tomorrow (2-19). He closed the hearing to SB 2153 until tomorrow. Suggested to the committee to have their amendments ready to bring them with them to the hearing.

2-19-03 Tape #2 Side B

Finish up voting on this bill:

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Page 3

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Senate Appropriations Committee Bill/Resolution Number SB 2153 Hearing Date 2-18-03 2-19-03

Celeste from OMB answered a question that was posed yesterday. She stated that in order for the state to collect the money from the Federal Government the state has to pay some money, and then redeposit it in the general funds. It looks like it is inflated but it is not really.

Motion by Senator Andrist for a DO PASS, seconded by Senator Kilzer. (from yesterday)

Roll call vote was taken, which is attached. Total: 9 yes, 5 no and 0 absent and not voting.

Senator Kilzer will carry the bill.

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<u>10-16-03</u> Date 0 ) 00 Operator's Signature



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Date: )-/8-63 Roll Call Vote #: / 1 Link

# 2003 SENATE STANDING COMMITTEE ROLL CALL VOTES BILL/RESOLUTION NO. 2(53)

Senate Appropriations				Com	mitte
Check here for Conference Con	nmittee				
Legislative Council Amendment Nu	mber				
Action Taken <u>Do P</u>	435	<b></b>			
Motion Made By	st	Se	conded By Kilzer		
Senators	Yes	No	Senators	Yes	No
Senator Holmberg, Chairman	V				
Senator Bowman, Vice Chair	V				
Senator Grindberg, Vice Chair	11				
Senator Andrist	V				
Senator Christmann	11				
Senator Kilzer	TV				
Senator Krauter					
Senator Kringstad					
Senator Lindaas		V			
Senator Mathern		V			
Senator Robinson		V			
Senator Schobinger				·	
Senator Tallackson		V			
Senator Thane					
Fotal (Yes) 9		No	5		
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If the vote is on an amendment, briefly indicate intent:

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#### Module No: SR-32-3274 Carrier: Kilzer Insert LC: . Title: .

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# REPORT OF STANDING COMMITTEE

**REPORT OF STANDING COMMITTEE (410)** 

February 19, 2003 12:10 p.m.

SB 2153, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS (9 YEAS, 5 NAYS, ABSENT AND NOT VOTING). Engrossed SB 2153 was placed on the Eleventh order on the calendar.



# 2003 HOUSE HUMAN SERVICES

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SB 2153

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Operator's Signature

#### 2003 HOUSE STANDING COMMITTEE MINUTES

#### **BILL/RESOLUTION NO. SB 2153**

#### House Human Services Committee

#### **Conference** Committee

Hearing Date March 11, 2003

Tape Number	Side A	Side B	Meter #
1	x		27.8 - 52.1
2	X		5.0 - 15.1
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Committee Clerk Signa	iture Awr	Perdrau	
-		, , , , , , , , , , , , , , , , , , , ,	

Minutes:

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Barbara Fischer, Manager of Long Term Care and Hospital Services for the Dept. of Human Services appeared in support with written testimony.

Rep. Kreidt: What is the ratio that we will be getting back in federal dollars? 68%

Rep. Niemeier: What would this assessment cover? Basically a dollar amount that's assigned to

every license bed that a provider has.

So additional cost will be by rate increase? Yes

<u>Rep. Price</u>: You access the states on certified not occupied? yes, based on licensed or certified capacity and does not fluctuate with occupancy.

If there are dramatic changes and we have to stay below the 6%, is that annualized and what time frame does the Fed's look at that? we can adjust quarterly

Tom Newberger, President of the ND Association of Community Facilities (NDACF) appeared

in support with written testimony.

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Page 2 House Human Services Committee Bill/Resolution Number SB 2153 Hearing Date March 11, 2003

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Rep. Price: So the appropriations that put in the 50 cent raise on the Senate side, so if they went to 75 that would use up what is in the bill that is written right now? That is correct. Mark Kolling, Dept. of Human Services, Developmental Disabilities Unit, made a clarification, the 50 cents an hour for all provider staff that the Senate put into our appropriations bill for developmentally services is not funded from the provider assessment tax. 1000

Jack MacDonald, ARC of North Dakota appeared in support and supported the efforts of the DD providers to get the 1.50 increase and so we support this assessment to the bill and urge that it be dedicated to that 75 cents per hour.

No opposition, closed hearing.

Barb Fischer from the Dept. of Human Services appeared to give further information for the committee.

<u>Rep. Porter</u>: so the DD providers after all is said and done are generating 4 million dollars to the general fund that isn't being basically reinvested back into the DD provider's? There is an extra 4 million laying there that the general fund is keeping and not putting back into DD facilities? Answer: Yes

<u>Rep. Porter:</u> in the Dept.'s budget, the DD's were not given an increase? Answer: no increase for salaries.

What are the chances the government is going to raise funds to fill this loop hole? very slim. <u>Rep. Weisz</u>: You did increase the budget by \$4200 to go back to the providers and held harmless or not? We did increase the budget for this amount just for the tax for both Grafton and the \_\_\_\_\_ providers, yes.



Page 3 House Human Services Committee Bill/Resolution Number SB 2153 Hearing Date March 11, 2003

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Rep. Kreidt: question on nursing homes. Answer: Any class of health care providers can have

some type of assessment or provider tax assessed to them. DD's almost 100% paid.

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#### 2003 HOUSE STANDING COMMITTEE MINUTES

#### **BILL/RESOLUTION NO. SB 2153**

#### House Human Services Committee

**Conference** Committee

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Hearing Date March 17, 2003

Tape Number	Side A	Side B	Meter #
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Committee Clerk Signa	ature AW	on Kentrow	
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Minutes: Committee work.

<u>Rep. Price</u>: This bill is a tax on all the FMR facilities. Only two of the people that are currently in those facilities are self paid, are currently being paid on a trust basis, the rest of them are Medicaid paid patients. Its in one of the loop holes that the government allows us to use to access more federal funds, so what basically happens is we charge the facility a tax and the federal government pays us part of that increased amount back in Medicaid dollars and we turn around and reimburse the facility for their share of the tax and we keep the rest.

<u>Rep. Niemeier</u>: Does the facility need to raise their rates to justify the payback? Answer: yes <u>Rep. Devlin</u> made a motion for DO PASS and re-refer to Appropriations, second by Rep. Kreidt. <u>Rep. Sandvig</u>: How does this work?

Answer: The department basically assesses or taxes the business the provider based on the beds that they have, so they raise their rates to accommodate that. By having a higher rate we can

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House Human Services Committee Bill/Resolution Number SB 2153 Hearing Date March 17, 2003

access more federal dollars and a share of those federal dollars that goes, a certain percentage of

goes back to the facility to pay them for what they pay them.

Rep. Weisz: Regarding the fiscal note, we are generating 9.8 million dollars revenue which is a

tax.

<u>Rep. Niemeier</u>: I think the other really interesting thing is that the department wrote this into

their budget and it hasn't been approved by us.

VOTE: 12 - 0 - 1 Rep. Kreidt will carry the bill.

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Date: March/7, 2003 Roll Call Vote #: 1

#### 2003 HOUSE STANDING COMMITTEE POLL CALL VOTES **BILL/RESOLUTION NO. SB 2153**

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House	HUMAN SERVICES			Com	Committee	
Check here for Conference C	ommittee					
Legislative Council Amendment N	Number					
Action Taken DP	Y Lef	<u>u -</u>	to approps			
Action Taken <u>DP</u> Motion Made By <u>Rep</u> De	ulin <sup>0</sup>	Se	econded By Rep Kre	idt_		
Representatives	Yes	No	Representatives	Yes	N	
Rep. Clara Sue Price - Chair	V		Rep. Sally Sandvig			
Rep. Bill Devlin, Vice-Chair			Rep. Bill Amerman		ļ	
Rep. Robin Weisz			Rep. Carol Niemeier		<b> </b>	
Rep. Vonnie Pietsch		·	Rep. Louise Potter		┠───	
Rep. Gerald Uglem Rep. Chet Pollert					ļ	
Rep. Todd Porter						
Rep. Gary Kreidt						
Rep. Alon Wieland	V	<u></u>				
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If the vote is on an amendment, briefly indicate intent:

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#### REPORT OF STANDING COMMITTEE (410) March 18, 2003 11:13 a.m.

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Module No: HR-48-5012 Carrier: Kreidt Insert LC: . Title: . ----

#### REPORT OF STANDING COMMITTEE

SB 2153, as engrossed: Human Services Committee (Rep. Price, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2153 was rereferred to the Appropriations Committee.

HPI-48-5012 Page No. 1 (2) DESK, (3) COMM . Aucharite Sec allion i ... b i The micrographic images on this film are accurate reproductions of records delivered to Nodern Information Systems for microfilming and were filmed in the regular course of business. The photographic process meets standards of the American National Standards Institute (ANSI) for archival microfilm. NOTICE: If the filmed image above is less legible than this Notice, it is due to the quality of the document being filmed. <u>10-16-03</u> Dete Signature



# 2003 HOUSE APPROPRIATIONS

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Operator's Signature

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#### 2003 HOUSE STANDING COMMITTEE MINUTES

#### **BILL/RESOLUTION NO. SB 2153**

House Appropriations Committee

**Conference Committee** 

Hearing Date 03-25-03

Tape Number	Side A	Side B	Meter #
1		X	1.4 - 6.0
Committee Clerk Signat	ure his -5	Martin	

Minutes:

Chairman Svedjan Opened SB 2153 for discussion. A quorum was present.

**Rep. Price** This is a provider tax for the ICFMR's. Only 2 patients in ICFMR's are not on Medicaid.

Chairman Svedjan You won't really be assessing these fees to the providers since they have hold-harmless funds.

Rep. Kempenich I move a Do Pass. 2nd by Rep. Metcalf. Motion Carries 17-2-4. Rep. Kreidt will carry this bill on the floor.

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## REPORT OF STANDING COMMITTEE (410) March 26, 2003 7:52 a.m.

Module No: HR-53-5752 **Carrier: Kreidt** Insert LC: . Title: .

## **REPORT OF STANDING COMMITTEE**

SB 2153, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends DO PASS (17 YEAS, 2 NAYS, 4 ABSENT AND NOT VOTING). Engrossed SB 2153 was placed on the Fourteenth order on the calendar.



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SB 2153

2003 TESTIMONY

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Operator's Signature the 16 16 63 Date

### Testimony on SB 2153 Senate Human Services Committee January 15, 2003

and Neigh

Madam Chairman Lee and members of the Senate Human Services Committee, thank you for the opportunity to testify on SB 2153 – a provider assessment on Intermediate Care Facilities for people with mental retardation. My name is Tom Newberger and I'm President of the North Dakota Association of Community Facilities (NDACF). I am here to testify on their behalf.

Members of NDACF have two concerns with this Bill. First, an assessment is being levied against Intermediate Care Facilities for people with mental retardation. With our tight budgets and no increases since July 1, 2001, NDACF members cannot afford this assessment. If we have assurances that our budgets will be inflated to an amount equal to the assessment, our first concern will be alleviated.

The second concern is the assessment would generate additional dollars for the state while causing a financial drain on providers. If provider's budgets are increased by the amount of the assessment as discussed above, the result is "a wash." In other words, money in and money out.

Members of NDACF support an Intermediate Care Facility assessment that benefits people with mental retardation. Our member's turnover rate is 51% and it is very difficult to attract new staff. Our staff works with people who have physical, behavioral and cognitive difficulties. Staff work with medical and sexual issues and are often subject to physical harm from people they support. We feel the funds generated by the assessment should increase funding for people with mental retardation.

Thank you.

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Tom Newberger, President

North Dakota Association of Community Facilities



### **TESTIMONY BEFORE THE SENATE HUMAN SERVICES COMMITTEE REGARDING SENATE BILL 2153 JANUARY 15, 2003**

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10-16-03 Date

Chairman Lee, members of the committee, I am Barbara Fischer, Manager Long Term Care and Hospital Services for the Department of Human Services. Lappear. before you today to provide information and support this bill.

My testimony is limited to Section 1 - Definitions, the Imposition of assessment, and the Basis of assessment as they relate to the Medicaid program. The remainder of the bill deals with the mechanics of the collection of the assessment by the Tax Department.

This bill will impose a quarterly assessment on all licensed ICF/MR beds in the state inclusive of licensed beds at the Developmental Center at Grafton. By federal definition this assessment is a "healthcare related tax" because at least 85% of the burden of the assessment falls on health care providers. As such, there are various federal regulations that must be followed in order to not effect the Department's receipt of federal financial participation for the Medicaid program.

To meet the federal requirements of a healthcare related tax, an assessment or licensing fee must:

- Be applied to all members of a class (broad-based)
- Be uniformly imposed

 Not exceed 6% of a provider's gross revenues for the services provided by the class

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Not hold providers harmless

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if any of the federal requirements are not met for the assessment, any revenues collected would result in an equal reduction of federal financial participation in the Medicaid program.

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The State will be required to submit quarterly reports to the Center for Medicare and Medicaid Services (CMS) summarizing the source and use of all revenues collected under the provisions of this bill.

The definition of "facility" and "licensed bed" ensures that the assessment is broad-based. The assessment will be based on licensed capacity and will be the same for each licensed bed thereby meeting the requirement of uniformity.

The amount of the quarterly assessment will be determined annually using DHS' licensing and cost report information to ensure that the maximum assessment allowed by the federal requirements is not exceeded. The assessment calculated for this bill is \$4,200 for each of 695 licensed beds. It is anticipated the assessment will remain at \$4,200 for each year of the biennium, but it could change for the second year of the biennium due to fluctuations in licensed capacity or actual occupancy.

The quarterly assessments will be collected by the tax department and deposited into a special fund. There are no provisions in the bill which would hold the providers harmless for the payment of the assessment.

As an aside, although there can be no hold harmless provisions, assessments paid by providers can be recognized as allowable costs for rate setting purposes. The net impact of the revenue from the assessment less the impact of the rate increases for recognition of the allowable costs is \$4M.

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The Department's appropriation bill includes use of the revenues from the special fund. If this bill were to fail, the Department will need to make \$4M in general fund reductions, which equates to approximately \$13M in total.

The bill contains a technical error and I would like to offer an amendment to eliminate the reference to chapter 23-16 which is included on page 1 in the definition of licensed bed. This reference was inadvertently included as that chapter makes no reference to ICF/MR facilities.

The Department recommends a do pass on this bill.

I would be happy to answer any questions you may have.

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Prepared by the North Dakota Department of Human Services January 14, 2003

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## **PROPOSED AMENDMENTS TO SENATE BILL NO. 2153**

Page 1, line 16 after "chapter" delete "23-16 or"

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Exhibit 2

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### Testimony on SB 2153 Senate Appropriations Committee January 27, 2003

Chairman Holmberg, Vice-Chairman Bowman and members of the Senate Appropriations, thank you for the opportunity to testify on SB 2153 - a provider assessment on Intermediate Care Facilities for people with mental retardation. My name is Jon Larson. I am the executive director of Enable, Inc., a private, non-profit agency serving people with disabilities in Bismarck and Mandan. I am also here to testify on behalf of the North Dakota Association of Community Facilities (NDACF).

Members of NDACF have two concerns with this Bill. First, budgets for Intermediate Care Facilities for people with mental retardation are already extremely tight. Without a budget increase to cover the cost of this assessment, providers simply could not afford the added cost of this assessment. The Department has assured us that our budgets will be increased to an amount equal to the assessment, so our first concern will be alleviated. The vast majority of the people we serve in ICF/MR's are receiving medical assistance and will not have to pay this assessment from personal funds.

Our second concern is how the moneys generated from this assessment will be used. We feel that the approximately 4 million general fund dollars generated from this assessment should be used to increase DD provider budgets to help offset the cost of increasing wages for our staff. We have testified before this committee on SB 2012 about our urgent need for increased funding for staff wages. NDACF is requesting a \$1.50 per hour increase for all provider staff. The funds generated from this assessment would cover approximately one half of the needed general fund dollars to pay for our request.

Members of NDACF support an Intermediate Care Facility assessment that benefits people with disabilities. We feel the funds generated by the assessment should increase funding to providers to allow us to increase wages for our staff.

Thank you.

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Jon Larson, Executive Director Enable, Inc. North Dakota Association of Community Facilities

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# **TESTIMONY BEFORE THE SENATE APPROPRIATIONS COMMITTEE REGARDING SENATE BILL 2153** Gume quier House with water

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Exhibit 1

**JANUARY 27, 2003** 

Chairman Holmberg, members of the committee, I am Barbara Fischer, Manager of Long Term Care and Hospital Services for the Department of Human Services. I appear before you today to provide information and support this bill.

My testimony is limited to Section 1 - Definitions, the imposition of assessment, and the basis of assessment as they relate to the Medicaid program. The remainder of the bill deals with the mechanics of the collection of the assessment by the Tax Department.

This bill will impose a quarterly assessment on all licensed ICF/MR beds in the state inclusive of licensed beds at the Developmental Center at Grafton. By federal definition this assessment is a "healthcare related tax" because at least 85% of the burden of the assessment fails on health care providers. As such, there are various federal regulations that must be followed in order to not effect the Department's receipt of federal financial participation for the Medicaid program.

To meet the federal requirements of a healthcare related tax, an assessment or licensing fee must:

- Be applied to all members of a class (broad-based)
- Be uniformly imposed

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 Not exceed 6% of a provider's gross revenues for the services provided by the class

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Not hold providers or others harmless

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If any of the federal requirements are not met for the assessment, any revenues collected would result in an equal reduction of federal financial participation in the Medicaid program.

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The State will be required to submit quarterly reports to the Center for Medicare and Medicaid Services (CMS) summarizing the source and use of all revenues collected under the provisions of this bill.

The definition of "facility" and "licensed bed" ensures that the assessment is broad-based. The assessment will be based on licensed capacity and will be the same for each licensed bed thereby meeting the requirement of uniformity.

The amount of the quarterly assessment will be determined annually using the Department's licensing and cost reporting information to ensure that the maximum assessment allowed by the federal requirements is not exceeded. The assessment calculated for this bill is \$4,200 for each of 695 licensed beds. It is anticipated the assessment will remain at \$4,200 for each year of the blennium, but it could change for the second year of the blennium due to fluctuations in licensed capacity or actual occupancy.

The quarterly assessments will be collected by the Tax Department and deposited into a special fund. There are no provisions in the bill which would hold the providers or others harmless for the payment of the assessment.

Currently, there are only two individuals in ICF/MR facilities whose care is not being funded by the state of North Dakota or other state governments.

As an aside, although there can be no hold harmless provisions, assessments paid by providers can be recognized as allowable costs for rate setting purposes. The net impact of the revenue from the assessment less the impact of the rate increases for recognition of the allowable costs is \$4 million.



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The Department's appropriation bill includes use of the revenues from the special fund. If this bill fails, the Department will need to make \$4 million in general fund reductions, which equates to approximately \$13 million in total.

The Department recommends a do pass on this bill.

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I would be happy to answer any questions you may have.

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### Testimony on SB 2153 House Human Services Committee March 11, 2003

Madam Chairman Price and members of the House Human Services Committee, thank you for the opportunity to testify on SB 2153 - a provider assessment on Intermediate Care Facilities for people with mental retardation. My name is Tom Newberger and I'm President of the North Dakota Association of Community Facilities (NDACF). I am here to testify on their behalf.

NDACF is made up of 26 non-profit and for-profit agencies across the state. Approximately 2,600 FTE's or 4,000 staff work for NDACF member agencies. NDACF members also rely on over 500 volunteers in fulfilling our missions. NDACF provides services to some of the most vulnerable people in the State – those with mental retardation. Services are delivered to thousands of people in 70 different communities across the state (see attachment #1).

Members of NDACF have two concerns with this Bill. First, budgets for Intermediate Care Facilities for people with mental retardation are already extremely tight. Without a budget increase to cover the cost of this assessment, providers simply could not afford the added cost of this assessment. The Department has assured us that our budgets will be increased to an amount equal to the assessment, so our first concern will be alleviated. The vast majority of the people we serve in ICF/MR's are receiving medical assistance and will not have to pay this assessment from personal funds.

Our second concern is how the moneys generated from this assessment will be used. We feel that the 4.2 million general fund dollars generated from this assessment should be used to increase DD provider budgets to help offset the cost of increasing wages for our staff. The average annual rate of turnover among our members is 51% and it is very difficult to attract new staff. Our staff work with people who have physical, behavioral and cognitive difficulties. They are required to be go through extensive training and are

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often subjected to difficult working situations. We feel the funds generated by the assessment should increase wages for these staff people.

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NDACF is requesting a \$1.50 per hour increase for all provider staff. We feel the funds generated by this assessment should be used to increase wages for our staff. The funds generated from this assessment would cover approximately one half of the needed general fund dollars to pay for our request.

In summary, members of NDACF support an Intermediate Care Facility assessment that benefits people with mental retardation.

Thank you.

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Tom Newberger, President North Dakota Association of Community Facilities

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#### Attachment #1

### Where NDACF Members Provide Services:

Montpelier

New Salem

New Town

Park River

St. Thomas

Underwood

Valley City

Wahpeton Watford City

West Fargo

Williston

Wilton

Pembina

Stanley

Tappen

Tloga

New Rockford

Minot

Minto

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Abercromble Adams Anamoose Arthur Belcourt Beulah **Bismarck** Bottineau Bowman Carrington Carson Casselton Cathay Cavaller Center Delamere **Devils Lake** Dickinson Drake Drayton Dwight Elgin Fairmont Fargo Fessenden Fordville Garrison Goodrich Grafton **Grand Forks** Harvey Harwood Hazen Hebron Hettinger Hillsboro Hunter Litchville Hurdsfield Jamestown Killdeer Lakota LaMoure Langdon Lidgerwood Maddock Mandan Manfred Martin Mayville McClusky

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Current Licensed Beds		695	
Days Paid at 6/30/2002		220,274	
Average Rate 2002		\$240.58	
FTE Beds		603	
Estimated Revenue		\$52,989,113	
6% of Revenue		\$3,179,347	
Amount per licensed Bed		<b>\$4</b> ,575	
Privilege Tax per bed		\$4,200	
Total Licensed Beds at 5/02		695	Biennium
A CONTRACT AND A CONTRACT OF A CONTRACT.		A 18 in the	
Annual Medicaid Increase			
Paid Beds	603	\$2,916,628	\$5,833,256
General Fund		\$934,488	\$1,868,975
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#### ICF/MR Facilities Sorted by Corporation

Sorted by Corporation			Itenned
Corporation	ICF/MR Fadility ID	City	Licensed Capacity
4th Corp	Carrington	Carrington	6
4th Corp	Fessenden	Fessenden	6
4th Corp	New Rockford	New Rockford	7
Able Inc	1297	Dickinson	6
Able Ino	1387	Dickinson	6
Able Ino	632	Dickinson	5
Able Inc	847	Dickinson	5
Able Inc	Southview	Hettinger Jamestown	7
Alpha Opportunities	112 1510	Jamestown	6
Alpha Opportunities Anne Carlson Center	1010	Jamestown	52
Development Homes	1551	Grand Forks	7
Development Homes	2585	Grand Forks	8
Development Homes	2720	Grand Forks	8
Enable Inc	East Princeton	Bismarck	8
Enable Inc	South Washington	Bismarck	7
Enable Inc	West Princeton	Biemarck	8
Enable Inc	East Plainview	Mandan	7
Enable Ind	West Plainview	Mandan	8 7
Fraser	2574	Fargo	
Freser	27 <b>26</b> 631	Fargo West Fargo	7
Fraser Fraser	651	West Fargo	B
Friendship	1635	Fargo	6
Friendship	2302	Faigo	7
Friendship	2424	Fargo	7
Friendship	2502	Fargo	7
Friendehip	3012	Fargo	11
Friendship	3014	Fargo	11
Friendship	412	Grafton	8
Friendalap	503	Park River Park River	7
Friendship	605 Anolio	Bismarck	7
	Apollo Weshington	Biemarck	7
HIT HIT	Dianes	Mandan	6
HIT	Eastwood	Mandan	6
ніт	Terra Vallee	Mandan	7
Lake Region		Devils Lake	đ
Minot Vocational Adjust Wkshp		Minot	9
Minot Vocational Adjust Witchp		Minot	10
Open Door	#2	Valley City	6 7
Open Door	#4	Valley City Valley City	6
Open Door	#5 Childrens	Valley City	• 7
Open Door Opportunity Foundation	1802	Williston	7
Opportunity Foundation	821	Williston	7
Red River Human Services	1348	Wahpeton	8
Red River Human Services	348	Wahpeton	7
Red River Human Services	821	Wahpeton	8
REM-ND	1104	Devils Lake	6
REM-ND	506	Devils Lake	8
REM-ND	Manval	Grafton	8 8
REM-NO	Summit	Grafton Grand Forks	ð
REM-ND	301	Grand Forks	7
REM-ND	415 5017	Grand Forks	7
Rem-ND Rem-ND	1404	Minot	8
REM-NO	1405	Minot	8
REM-ND	1824	Minot	8
Tri-City	New Town	New Yown	8
Tri-City	Stanley	Stanley	7
Tri-City	Tioga	Tioga	6
Total Private Providers			463
Development Center			266
Tot <b>ai</b>			(78

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