19.0601.02000

FISCAL NOTE

Requested by Legislative Council
01/07/2019

Amendment to: HB 1124

1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				$848,301		$1,153,511
Expenditures			$848,300	$848,301	$1,153,509	$1,153,511
Appropriations			$848,300	$848,301	$1,153,509	$1,153,511

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB1124 requires the department to move software costs from the indirect care cost category to a pass through cost for nursing facility rate setting.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

HB 1124 requires software costs in nursing facility rate setting to be considered as a pass through cost. Software costs are currently allowable under the indirect cost category where there is a limit. The information on software costs was provided by the ND Long Term Care Association. HB 1124 will increase the daily rate for nursing facility care for Medicaid and private pay individuals because these costs will no longer be subject to the indirect rate limit. The fiscal estimate is for 18 months starting with January 1, 2020 nursing facility rates.

For the 2019 - 2021 biennium the Department estimates an expenditure of $1,696,601 in total, of which $848,300 is general fund.

For the 2021 - 2023 biennium the Department estimates an expenditure of $2,307,020 in total, of which $1,153,509 is general fund.

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 services provided to Medicaid eligible individuals in nursing homes are eligible to receive Medicaid federal funds based off the Federal Medical Assistance Percentage.

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.*

HB 1124 requires software costs in nursing facility rate setting to be considered as a pass through cost. Software costs are currently allowable under the indirect cost category where there is a limit. The information on software costs was provided by the ND Long Term Care Association. HB 1124 will increase the daily rate for nursing facility care for Medicaid and private pay individuals because these costs will no longer be subject to the indirect rate limit. The fiscal estimate is for 18 months starting with January 1, 2020 nursing facility rates.

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C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

For the 19-21 biennium the Department of Human Services would need appropriation increases to the Executive Budget Request in medical assistance grants of $1,696,601 of which $848,300 would be general fund.

For the 21-23 biennium the Department of Human Services would need appropriation authority of $2,307,020 of which $1,153,509 is general fund in medical assistance grants.

Name: Rhonda Obrigewitch

Agency: Human Services

Telephone: 328-4585

Date Prepared: 01/23/2019

19.0601.01000

FISCAL NOTE

Requested by Legislative Council
01/07/2019

Bill/Resolution No.: HB 1124

1 A. **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.*

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Expenditures			$848,300	$848,301	$1,153,509	$1,153,511
Appropriations			$848,300	$848,301	$1,153,509	$1,153,511

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	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
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Cities			
School Districts			
Townships			

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HB1124 requires the department to move software costs from the indirect care cost category to a pass through cost for nursing facility rate setting.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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Name: Rhonda Obrigewitch

Agency: Human Services

Telephone: 328-4585

Date Prepared: 01/23/2019

2019 HOUSE HUMAN SERVICES

HB 1124

2019 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Union Room, State Capitol

HB 1124
1/30/2019
31835

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Nicole Klaman Typed by: Elaine Stromme

Explanation or reason for introduction of bill/resolution:

Relating to Nursing home rate setting

Minutes: Testimony: 1 - 7

Chairman Weisz: Opened hearing on HB 1124

Chairman Weisz: Introduced HB 1124,

Shelley Peterson, President of the North Dakota Long Term Care Association: Verbal and written support provided. (See Testimony # 1) (1:00 – 4:39)

Representative Rohr: This was not budgeted from before?

Shelley Peterson; We are spending that money, just in other cost categories, however 1/3 of the facilities are exceeding that cost.

(Testimony #2 Janelle Klinke not present)

Jon Ault, Sr. Manager Technology Consult with Eide Bailly: Verbal and written testimony provided. (See Testimony #3)
12:07

12:50
Amy Kreidt, CEO of St. Luke's Home, Dickinson: Provided verbal and written testimony. (See Testimony # 4) 16:25

Representative Tveit: Will we see an offset in local budgets if we adopt 1124?

Amy Kreidt: It will not affect me. Shelley is the expert on this.

Chairman Weisz: We can address the question later.

18:00-20:56
Alena Goergen, Director of nursing, Mandan: Provided verbal and written support. (See Testimony # 5) 18:00 – 20:57

Representative Skroch: Medicare is requiring you to implement the mentioned technology?

Alena Goergen: The technology piece that affects my facility is Med Recs which is required. However, I need my staff efficient, but we still have to fund it. The rules are impacting my need to be extremely efficient so we can do more with less, and meet the patient and new rule requirements. It takes away the wasted time that was spent paper charting and documenting things. So we would have less staff.

Representative Skroch: Do you see it impossible to not have this system in place?

Alena Goergen: Yes, I do.

23:13-24:23
Liz Letness: She is presenting Testimony for Bev Davis as she couldn't be here this morning.

(Bev Davis Testimony #6 Not present)

Chairman Weisz: I won't allow you to read someone else's testimony.

Liz Letness: I am the Director of Nursing at Rosewood on Broadway in Fargo. I am very much in support of HB 1124.

Stopped 24:21

April Fugleberg: We are asking for funding for technology for long term care. I am an RN with the BSN and a nurse manager at the Missouri Slope Lutheran Care Center. I speak on behalf of the staff and the loved ones we are providing care for in the community.
(Testimony # 7)

Opposition:

None

Chairman Weisz: Fiscal note questions

Leanne Thiele: Department of Human resources

Chairman Weisz: If 1/3 are over the over direct limit, how was this calculated

Leanne Thiele: We worked w Long-term care and they surveyed members, then multiplied by those over the indirect.

Chairman Weisz: questions?

Representative Tveit: Is there an offset in any local facility because of this? Cost for software plugged in already.

Leanne Thiele: BC software is indirect limit; it was not reimbursed for their rate. No potential savings bc they weren't being reimbursed for those costs.

Representative Tveit: We are talking about the facilities that were over. What about the under budget?

Leanne Thiele: If under limit they are getting software costs reimbursed now.

Representative Rohr: Tracking system with electronics, dentures hearing aids which is a big expense. Any savings now?

Leanne Thiele: It wouldn't be included in the fiscal note; it would have netted itself out.

No Further Support

Chairman Weisz: Closed hearing

2019 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee
Fort Union Room, State Capitol

HB 1124
1/30/2019
31865

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature Nicole Klaman By: Elaine Stromme

Explanation or reason for introduction of bill/resolution:

Relating to nursing home rate settings

Minutes:

Chairman Weisz: Opened the Hearing on HB 1124

Representative Devlin: made a motion to Do Pass & re-refer to Appropriations

Vice Chairman Rohr: Seconded

A Roll Call Vote was taken: Yes 12 No 0 Absent 2

Do Pass & re-refer to Appropriations carries

Representative Westlind will carry the HB1124

Date: 1-30-19
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1124

House Human Services Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rep Devlin Seconded By Rep Rohr

Representatives	Yes	No	Representatives	Yes	No
Robin Weisz - Chairman	X		Gretchen Dobervich	X	
Karen M. Rohr – Vice Chairman	X		Mary Schneider	X	
Dick Anderson	—				
Chuck Damschen	X				
Bill Devlin	X				
Clayton Fegley	X				
Dwight Kiefert	X				
Todd Porter	—				
Matthew Ruby	X				
Bill Tveit	X				
Greg Westlind	X				
Kathy Skroch	X				

Total (Yes) 12 No 0

Absent 2

Floor Assignment Rep Westlind

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

Motion carries

REPORT OF STANDING COMMITTEE

HB 1124: Human Services Committee (Rep. Weisz, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (12 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). HB 1124 was rereferred to the **Appropriations Committee**.

2019 HOUSE APPROPRIATIONS

HB 1124

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1124
2/7/2019
32335

☐ Subcommittee
☐ Conference Committee

Committee Clerk Risa Bergquist

Explanation or reason for introduction of bill/resolution:

Relating to nursing home rate setting.

Minutes:

Chairman Delzer: Called the meeting to order for HB 1124, Representative Weisz is here to present this bill. This is a rate setting for long term care for computer software.

Representative Weisz: What this bill does is shift costs, what is happening right now is software costs are indirect costs. They have a daily limit that is applied. Currently 1/3 of all the facilities are over this limit. Software as we know it has shifted, it used to be you spent the money for software and you were good now it's an annual cost. This would shift those cost so that they are on pass through so the facilities can allocate those costs. I realize it has a high fiscal note and I think it makes sense with technology changing and it points out the problems with the formula.

Chairman Delzer: And there are three cost categories; direct, indirect and other, and that's your property costs.

Representative Weisz: It is really indirect in some degree but there are different payment limits.

Chairman Delzer: There are other things that have passed over to the other category, dose this add to that problem?

Representative Weisz: This doesn't add to the problem of property cost, technology its always changing and it's more of an annual cost. The fiscal note is an estimate because it's taken on the idea that 1/3 of the facilities are over the limit so if we have to do this for all those facilities. So it's hard to say if the fiscal note will be that large.

Chairman Delzer: If they are over the limit and you put them under their limit will they receive more on that side as well?

Representative Weisz: They are already over the limit; they don't get paid at the other end because they are already begin paid for those costs up to that limit. So what the fiscal note calculated if it's the technology costs out them over the limit then this will make it a direct cost. It doesn't change the overall limits.

Chairman Delzer: Did you have the question of how many nursing homes are close to this limit?

Representative Weisz: No we didn't find out anyone that was real close.

Chairman Delzer: Does this start in January or does it start July 1?

Representative Weisz: July 1

Chairman Delzer: So is this in the governor's recommendation?

Representative Weisz: It is not in the governor's proposal.

Chairman Delzer: If it starts in July why is the 2021/2023 so much higher?

Representative Weisz: It would be about right if you figure the 18 months.

Chairman Delzer: Further Questions?

Representative Kreidt: Is this a direct pass through?

Representative Weisz: Yes, this would be a direct pass through.

Chairman Delzer: It's just a direct pass through? Doesn't go to any of the 3 categories.

Representative Kreidt: I feel some direction should be added to the bill. It would make a difference to the facilities.

Chairman Delzer: It would also add the word "direct" to the fiscal note.

Maggie Anderson: That is how we build it, as direct pass through

Representative Kreidt: You asked if this will affect any other category; when you are specifying that this related to technology you can't use it anywhere else.

Chairman Delzer: Further question?

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1124
2/11/2019
32540

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

Relating to nursing home rate setting.

Minutes:

Chairman Delzer: Call the meeting to order for HB 1124 Representative Kreidt was going to get an amendment for this.

2:20 Representative Kreidt: Amendment 19.0601.01001, it would add the word "direct" what that does is insures that nursing facilities it will be going directly through instead of waiting 18 months to be reimbursed.

Representative Bellew: Does this change the fiscal note?

Representative Kreidt: No, they will just get paid sooner.

Chairman Delzer: Paid sooner, what do you mean?

Representative Kreidt: When they do a cost report then those costs are looked at by the department, there's an audit done at the facility the you receive your reimbursement for that particular item after January 1.

Chairman Delzer: Does this move any of the 2021/23 costs into the 2019/21 biennium?

Representative Kreidt: When you have a direct pass through you get paid quicker**.**

Chairman Delzer: But it's still audited and if the costs are out of line they would have to pay it back.

Representative Kreidt: I would make a motion to amend with 19.0601.01001.

Representative Boe: second

Chairman Delzer: Further discussion? Hearing none we will do a **voice vote, all in favor, motion carries** We have the mended bill before us.

Representative Kreidt: I make a motion For a Do Pass as Amended on HB 1124.

Representative Kempenich: Second

Chairman Delzer: Discussion on the motion?

Representative Kreidt: It's a different world out there and to help facilities to meet those costs. I hope everyone can help to support it.

Chairman Delzer: Does this open it up so they could spend crazy amounts, that looked at as well?

Representative Kreidt: That's looked at.

Chairman Delzer: No further discussion? We will take a roll call vote.

A Roll Call vote was taken. Yea: 20 Nay: 0 Absent: 1

Motion Carries, Representative Kreidt will carry the bill.

Chairman Delzer: With that we will close this meeting.

DA 2/11/19

19.0601.01001
Title.02000

Prepared by the Legislative Council staff for
Representative Kreidt
February 11, 2019

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1124

Page 1, line 8, after "a" insert "direct"

Renumber accordingly

Date: 2/11/2019
Roll Call Vote #: 1

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1124

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description: **19.0601.01001**

Recommendation: ☒ Adopt Amendment
☐ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By **Representative Kreidt** Seconded By **Representative Boe**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote/Motion Carries

Date: 2/11/2019
Roll Call Vote #: 2

2019 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1124

House Appropriations Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☒ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By **Representative Kreidt** Seconded By **Representative Kempenich**

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	X				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle	X		Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	X				
Representative Howe	X		Representative Boe	X	
Representative Kreidt	X		Representative Holman	X	
Representative Martinson	X		Representative Mock	X	
Representative Meier	X				
Representative Monson	A				
Representative Nathe	X				
Representative J. Nelson	X				
Representative Sanford	X				
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 20 No 0

Absent 1

Floor Assignment **Representative Kreidt**

Motion Carries

REPORT OF STANDING COMMITTEE

HB 1124: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1124 was placed on the Sixth order on the calendar.

Page 1, line 8, after "a" insert "direct"

Renumber accordingly

2019 SENATE HUMAN SERVICES

HB 1124

2019 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

HB 1124
2/27/2019
Job # 32895

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Justin Velez

Explanation or reason for introduction of bill/resolution:

Relating to nursing home rate setting.

Minutes: Attachments #1-5

Madam Chair Lee opens the hearing on HB 1124.

(2:00-7:18) Shelly Peterson, President of the North Dakota Long Term Care Association. Testifying in support of HB 1124. Please see **Attachment #1** for testimony. Also, please see **Attachment #2** for additional testimony from **Jon Ault, Senior Manager-Technology Consulting with Eide Bailly.**

Senator Hogan: Have you tried to do this through administrative rule versus law?

Shelly Peterson: Yes, the admin rules are silent but it says that when it is silent then everything has to be coded as an indirect expense. DHS's position on that is, it is a policy issue so let's take it to the legislators.

Senator Hogan: The comprehensive rate setting for a long term care hasn't been looked at in 30 years. Has there been a comprehensive study of how we are currently doing rates as a broader issue?

Shelly Peterson: The rate setting process has been studied, this specific issue has not because we changed the system on how we set limits. This specific issue on technology was never discussed during that 30-year period of time. We are looking at a whole rate setting system with DHS in this next five-year period, looking at should we do a comprehensive re-write in change of it and do a more fee-based system more like the DD system as opposed to ours which is very much rooted in century code.

Madam Chair Lee: Was there any discussion in the house about making this something in rule instead of statute?

Shelly Peterson: I don't think we had that specific discussion. Given that we are looking at whole comprehensive re-write and change in that process, it would be addressed then but

we didn't want to wait 5 years to get this technology. We are spending over limits as of right now because of not having an inflationary adjustment over 11 million dollars.

Madam Chair Lee: I heard from some local providers and they said it is a big deal to manage this stuff.

Shelly Peterson: In our payroll based journal reporting with the federal government, we have different reporting and requirements from the Department of Labor and CMS. We can't do that without technology.

(12:20-15:46) Reier Thompson, President/CEO of the Missouri Slope Lutheran Care Center. Testifying in support of HB 1124. Please see **Attachment #3** for testimony

Senator Hogan: Is there a standard EHR for long term care like major healthcare systems have three or four major options, is that a uniform product across many facilites?

Reier Thompson: No, there is not one that is mandated but there are several options.

Senator Hogan: Relatively, there are some packages that you get that were particularly for long term care facilities.

Reier Thompson: We use Point Click Care. I've learned that is the majority product that most of the facilities in our state for long term care are using.

(18:10-21:48) Amy Kreidt, CEO of St. Luke's Home in Dickinson. Testifying in support of HB 1124. Please see **Attachment #4** for testimony.

Senator Hogan: What electronic health record do you use?

Amy Kreidt: We use Matrix. I would say that Matrix and Point Click Care would be the two major programs. The cost to change would be substantial.

(23:31-26:53) Bev Davis, Director of Nursing at a 55 bed long term care facility. Testifying in support of HB 1124. Please see **Attachment #5** for testimony.

Senator Clemens: North Dakota is a state that needs to implement this? How does that work if it is allowed as a direct pass through, then we would get reimbursed?

Shelly Peterson: Each state determines their own payment system so all 50 states are different. What we would be doing in North Dakota is saying yes, this a pass through expense. I have a handout on the payment system that talks about the different categories, how many are over that expense, and what is the maximum amount we can spend in it. I will bring that handout over later for you and the committee.

Madam Chair Lee: That would be helpful. The feds will match depending on meeting the criteria for CMS.

Shelly Peterson: Every year, every facility submits a cost report and in that report you categorize each expense as it comes in. Typically, what happens if it goes into an indirect expense, right now that limit is the lowest limit that we receive. The most are over exceeding that limit so they are not getting payed for that and, in that cost category alone is around five million then when you look at all the types of expenses that we are paying is over 11 million. This just says, this one expense is a pass through expense.

Senator Hogan: In terms of pass through, this is just dealing with the Medicaid reimbursement piece of it, would that impact private pays and are pass through's counted in daily rates?

Shelly Peterson: Yes, they are. In North Dakota we treat the expense the same. In many instances we have to spend the money, we are just operating at a deficit. This now, would go into the rate setting system and be an allowable cost for both side.

Madam Chair Lee: Do you have problems recruiting staff from your home area?

Bev Davis: Right now I have nine full time opening for CNA's. We are using travel staff unfortunately; we have no other choice. I have been very fortunate for nursing staff that I have been able to avoid the use of travel however like most nurses in North Dakota, are older than the average of 55 so I just had one this week retire and that will be a challenge I am facing as well. One of the other challenges that I have been experiencing in a smaller facility, we use an outdated less popular software for records and it is extremely frustrating. I am begging my administrator to switch to Point Click Care.

Madam Chair Lee: With your man power problems do you do any community based care?

Bev Davis: Actually our home health services were cut by the budget I believe two years ago so there are no home health services in Linton. The only choices in our town are assisted living, relocate to a larger area, or come to the nursing home.

Madam Chair Lee: Any further questions or testimony?

Madam Chair Lee closes the hearing on HB 1124.

2019 SENATE STANDING COMMITTEE MINUTES

Human Services Committee
Red River Room, State Capitol

HB 1124
3/4/2019
Job # 33117

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Justin Velez

Explanation or reason for introduction of bill/resolution:

Relating to nursing home rate setting.

Minutes: No Attachments

Madam Chair Lee opens the discussion on HB 1124.

Madam Chair Lee: This was a bill that we heard on the 27th of February and the nursing homes and the skilled care facilities asked that they be able to have considered one of their direct costs, the costs of their software for doing a lot of information storage in the cloud because that's the way all kinds of things are handled now as far as their record keeping. Committee do you have any comments allowing this to be a direct pass through cost?

Senator Hogan: Are there any limits on this? Does the department have any authority to set any limits because it is a funded pass through? We might need Medicaid to answer that question. We really don't deal with the pass through side of Medicaid reimbursement for long-term care very often.

Madam Chair Lee: That is true.

Senator Hogan: It's a very unique approach and I am not opposed to it.

Madam Chair Lee asks the Senate Human Services Intern to contact Maggie Anderson to see if she would join the committee in discussion.

Senator Clemens: Are nursing homes the only providers that aren't doing this? Why is this just limited to nursing homes?

Madam Chair Lee: Well in this case it was requested by the nursing homes because they are limited in their reimbursement because of rate equalization. They can't charge the private pay person more than the Medicaid rate so if they are going to invest in some of this equipment and they are limited to the Medicaid rate for everybody who is in the facility, they can't buy it if they don't have enough income to cover it. That would be a part of it.

Senator O. Larsen: The biggest thing with this is, it's what you need to be efficient.

Senator Hogan: The other reason is long-term care has a very distinct reimbursement pattern partly because of rate equalization but because so much of it is in code that it doesn't apply to any other medical provider.

Senator O. Larsen: You were talking about if it is an open ended rate, it has to be what it is because the testimony was saying that there are only really two programs that are ideal for those facilities to use.

Senator K. Roers: I can't imagine that there is any benefit to increasing your costs because it is a direct pass through, it's not like me agreeing to a higher price actually gains you any money.

(05:10-05:30) Shelly Peterson, President of the North Dakota Long Term Care Association, enters the room and Madam Chair Lee gives her an update on the committee discussion.

Senator Hogan: Are there any cost limits or regulations on the overall costs or is it an open ended funding stream?

Shelly Peterson: Yes, in the pass through there is not a limit on it and that would be on technology. Although, I have to back up, for a nurse scholarship there is a limit of 15,000 per person.

Senator Hogan: In terms of the costs estimates, that is an estimate?

Shelly Peterson: We did a survey on what facilities were spending right now and as you said in the past too generally, they are using some software that is standing out in the long-term care environment so generally it is determined by a third party what we are paying.

Senator Hogan: There is potential that this could be more than this?

Shelly Peterson: Potentially, yes. The vast majority of all facilities are a non-profit community church affiliated and they really try to get the best deal possible based on what software we need. A lot is in development and changing so it is an expensive field.

Senator Hogan: Could this become like MMIS?

Shelly Peterson: I hope not. Everyone submits on costs reports so your able to track it, it is not hidden in anything.

Senator Hogan: It is reimbursed based on actual expenditures?

Shelly Peterson: Correct.

Senator Hogan: Where does this direct pass through fall on this sheet that you gave us?

Shelly Peterson: On the back side, in the third highlighted area, it says the property and some pass through costs. Right now in the statute, property is designated separately and then you have the other costs of legal costs, which are minimal and we actually couldn't find any legal costs when we went back and looked at it, scholarships, and then technology. It is in that costs category.

Madam Chair Lee: Any other questions for Mrs. Peterson? Any other discussion?

Senator K. Roers: I move a **DO PASS** and **REREFER TO APPROPRIATIONS**
Seconded by: **Senator O. Larsen**

ROLL CALL VOTE TAKEN

6 YEA, 0 NAY, 0 ABSENT
MOTION CARRIES DO PASS AND REREFER TO APPROPRIATIONS
Senator O. Larsen will carry HB 1124 to the floor.

Madam Chair Lee closes the discussion on HB 1124.

Date: 3/4/19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1124

Senate Human Services Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☒ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐ _____

Motion Made By Roers Seconded By Larsen

Senators	Yes	No	Senators	Yes	No
Sen. Judy Lee	X		Sen. Kathy Hogan	X	
Sen. Oley Larsen	X				
Sen. Howard C. Anderson	X				
Sen. David Clemens	X				
Sen. Kristin Roers	X				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. O. Larsen

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

REPORT OF STANDING COMMITTEE

HB 1124, as engrossed: Human Services Committee (Sen. J. Lee, Chairman) recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1124 was rereferred to the **Appropriations Committee**.

2019 SENATE APPROPRIATIONS

HB 1124

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1124
3/13/2019
JOB # 33680

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Alice Delzer / Carie Winings

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 50-24.4-15 of the North Dakota Century Code, relating to nursing home rate setting.

Minutes:

1.Testimony of Shelly Peterson
2.Testimony of Reier Thompson

V. Chairman Krebsbach: Called the Committee to order on HB 1124. All committee members were present except Senator Holmberg. Renae Bloms, OMB and Levi Kinnischtzke, Legislative Council were also present.

Shelly Peterson, President of the ND Long Term Care Association, (NDLTCA): Testified in favor of HB 1124 and provided Attachment # 1.

(6:50) Senator Sorvaag: This would be ongoing correct?

Shelly Peterson: Yes it would be an on-going expense.

Senator Bekkedahl: What does this do to the private rates then? Can you quantify the daily impact? This would not only effect the state payments, but the private payments.

Shelly Peterson: It will impact all rates. Because we have rate equalization, any time you approve anything it has an impact on the private pay and the Medicaid rates. About $800,000, the impact on the private pay; I don't know if we calculated it.

Senator Bekkedahl: The reason I ask is because you said it would impact them equally; that means you have half of the people in the system are private pay and half are on Medicaid. Is that the breakdown?

Shelly Peterson: Yes, it is about 51-53% Medicaid, 38% private pay, and then we have about 8% Medicare.

(8:15) Reier Thompson, Missouri Slope Lutheran Care Center, (MSLCC): Testified in favor of HB 1124 and provided Attachment # 2.

(13:05) Maggie Anderson, Department of Human Services: We would be happy to answer any questions there are on the fiscal note. The House appropriations did unanimously pass the bill but they did not appropriate funding for this. SB 2012 is over on the House side at this time. So, at this time there is no appropriation in this bill and not in SB 2012.

V. Chairman Krebsbach: It was not included in our side when it left because it was over there?

Maggie Anderson: Correct.

Senator Gary Lee: Was that intentional in that they expected it to go into the Human Services budget?

Maggie Anderson: I do not know. At this time, it has not come up in SB 2012 discussion.

V. Chairman Krebsbach: At that time will you be offering an amendment to put this in 2012?

Maggie Anderson: We will certainly draw their attention to it. We have a summary document of the various bills that are coming along. Another one that is coming to you, HB 1518 also does not have the funding in it.

Senator Mathern: The way the present bills are situated, what would be the consequence to you and to the long term care facilities if it passed?

Maggie Anderson: The department would not have the funding that we estimated we would need in order to carry out the policy. That would be the impact to us. To the nursing homes, there is no impact. Once you pass it and it becomes part of the rate setting, nursing home services are an entitlement service in Medicaid, and as long as you have indicated your intent, we would need to build that in. I can't play out all the scenarios of what can happen.

Senator Mathern: So, it would have to come out of the budget someway.

Maggie Anderson: The department would need to honor the policy change and see what happens with our overall funding.

Senator Dever: Reier indicated these costs are currently under the administrative expense as an indirect expense, is the fiscal note the difference between those two costs?

Maggie Anderson: On the fiscal note in section B, where we collected the software cost information from long term care and then we looked at the number of facilities that were currently hitting the limit for that indirect care and it would be the difference of what we would expect our increased expenditures to be. These costs up to the limit can be in the indirect area today. Because they would be 100% through the pass through there would be no limit on them. We calculated the difference and that is what the fiscal note is based on.

Senator Dever: What is the 2% inflator?

Maggie Anderson: The way it left the Senate was 2 and 3, and for nursing homes the 2 and 3 was $4.5 million of general funds for a total of $9 million.

Senator Dever: So this is about a 40% increase over that.

V. Chairman Krebsbach: I think the sub-committee needs to go back to Senator Dever Senator Erbele and Senator Mathern. There was no further testimony in support, in neutral or opposition. Closed the hearing on HB 1124.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1124
3/26/2019
Job # 34237

☐ Subcommittee
☐ Conference Committee

Committee Clerk: Rose Laning

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact a new subsection to section 50-24.4-15 of the North Dakota Century Code, relating to nursing home rate setting.

Minutes:

Legislative Council: Adam Mathiak
OMB: Stephanie Gullickson

Chairman Holmberg opened discussion on HB 1124.

Senator Mathern: Moved a Do Pass on HB 1124.
Senator Wanzek: Seconded the motion.

Senator Mathern: This bill has a rate setting system so as they report data, they can use that data as an indication of their costs. Evidently the House has agreed to fund it so this is not including the money, but they will include the money in SB 2012 in the House.

Senator Dever: We had four bills like that. One of them passed on the floor yesterday. The House has agreed to include all four in the budget.

A Roll Call Vote Was Taken: 14 yeas, 0 nays, 0 absent.
Motion carried.

The bill goes to the Human Services committee.

Date: 3-26-19
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1124

Senate Appropriations Committee

☐ Subcommittee

Amendment LC# or Description:

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar

Other Actions: ☐ Reconsider ☐

Motion Made By Mathern Seconded By Wanzek

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue					

Total (Yes) 14 No 0

Absent 0

Floor Assignment Human Services O. Larsen

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

REPORT OF STANDING COMMITTEE

HB 1124, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1124 was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

HB 1124

#1
HB 1124
1/30/19
pg. 1

Testimony on HB 1124
House Human Services Committee
January 30, 2019

Good afternoon Chairman Weisz and members of the House Human Services Committee. My name is Shelly Peterson, President of the North Dakota Long Term Care Association. We represent 214 long term care facilities in North Dakota, including all 80 nursing facilities. I am here to testify in support of HB 1124 and ask for your support. I would like to explain what the bill does and then have you hear from other individuals on the current environment and real possibilities of technology in long term care.

Almost thirty years ago when the rate setting system was developed, we may have had computer and any software we had was related to financial processes. Computers and the software that came with them was a capital expenditure, thus it was capitalized and reimbursed as part of the property rate. The payment rules are silent on the cloud/web based technology/software we are purchasing today and thus by rule anything not specified in a specific cost category is considered an indirect expense. We are here to ask you to allow software and technology that is based on cloud/web based platforms be included as a pass-through expense in property to help us work smarter. This will help everyone to be able to invest in systems to improve resident care and outcomes and use technology to save manpower, which is in short supply.

Today in the indirect cost category, over one-third of nursing facilities are exceeding this limit, so any investment they make in technology will not be reimbursed. Now if they were investing in computers and software

housed internally on a "server", that could be capitalized and paid for, but that is no longer the best investment.
Today's technology leaders argue that the cloud is where we need to house our data and systems. The "cloud" is not a piece of equipment and we receive a monthly subscription bill, we aren't purchasing and investing in equipment that is quickly becoming obsolete.

Today many facilities print Excel spreadsheets to manage complex scheduling processes. They physically run updated copies out to the nursing unit to make sure caregivers have the latest information available to them. Software to maximize this communication is in the cloud. We feel we have fallen behind in the digital age and it is impacting our operations at a critical time. We believe with real time data, we can better manage operations. Real time software, (RTS), is allowing facilities who have invested in this technology to:

-Instantly find a patient lift rather than searching the building or worse yet, don't look for the equipment and try to manually lift the patient and have an injury to the caregiver and patient.

-In the real-time digital work space, employees watch their paycheck details change with each hour worked. They know if they pick up one more shift, they'll earn enough to repair the car or go on vacation. Employees are self-scheduling with little need for intervention on our part. In the real-time digital work space, supervisors know who is in overtime and can choose the best worker for the job. In the real-time digital work space, Nurse Managers are making adjustments to staffing based on patient data that reflects census and service needs as it is happening.

-The Affordable Care Act and Payroll Based Journal reporting requirements are complex with a high need for accuracy and timeliness.

The cloud based platforms provide this functionality and can efficiently automate these reports.

I am the least knowledgeable on technology possibilities and want you to hear about what the future holds from nurses, administrators and experts in the midst of this change.

Thank you for your consideration of HB 1124.

Shelly Peterson, President
North Dakota Long Term Care Association
1900 North 11th Street
Bismarck, ND 58501
(701) 222-0660

Testimony on HB 1124
House Human Services Committee
January 30, 2019

In the long term care (senior living) sector of healthcare, we can't wait another minute to embrace SaaS cloud and Artificial Intelligence (AI) software.

Long term care is a complex system of 24/7 operations with highly sensitive, vulnerable, multi-disease persons.

The general public is aware of the impending explosion of baby boomers senior health needs.

The current policy on how software is recognized by the state's reimbursement system no longer represents the current landscape. In fact, it has become a barrier to maximizing our operations. We are handcuffed to old technology platforms that no longer add value to managing today's workforce. We are scheduling caregivers using Excel spreadsheets printed out and we are physically running updated copies out to the units to make sure workers have the latest needs available to them. We are having some positive results using texting, but we cannot purchase the software to maximize this effort.

One area of leverage for innovation is around technology and its impact on the healthcare workplace by mobilizing digital data into the hands of the worker. Self-scheduling and digital communication tools are a must in today's long term care workplace.

At the current time, we cannot provide our operations with the tools to control overtime or premium pay amounts in a real time state. We can only react to these situations in pay periods after the fact. Imagine our leaders with predictive analytics at their fingertips. The digital day for them has them maximizing quality care and innovating solutions to tomorrow's problems. Today they sit with paper timekeeping exception sheets for hours balancing out employees' time.

In the real time digital world, employees watch their paycheck details change with each hour worked. They know that if they pick up one more shift, they'll earn enough to repair the car or go on vacation. In a real time digital world, our supervisors know who is in overtime and who is the best worker for the job. Our current system cannot allow one employee to have two rates of pay. This is done manually.

Two regulatory reporting requirements have come to us with the Affordable Care Act and Payroll Based Journaling. All SaaS platforms in today's marketplace provide this functionality and can efficiently automate ensuring highly accurate reporting.

The current regulatory language prevents long term care providers from moving into the SaaS environment due to outdated legislation around how software is treated in the

reimbursement process. I propose that the cloud and today's digital data are really just updated hard drives and servers located on premises.

We've spent the majority of the past six years building a culture where employees are engaged, our turnover is lower than it has ever been and beats national industry averages by more than 50%, and the campus culture teams feel empowered to make improvements to their work day. This new workplace made up of empowered engaged talent demands the greatest technology we can offer.

This update to technology language that will allow new technologies to be included in the property category for reimbursement aligns with North Dakota's proactive and ambitious strategies to secure a skilled North Dakota workforce into the future.

Respectfully,

Janelle Klinke
Chief People Officer
Eventide Senior Living
(with long term care facilities in Fargo, West Fargo, Jamestown, Devils Lake, and Moorhead)

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1/30/19
pg. 1

TESTIMONY ON HB 1124
HOUSE HUMAN SERVICES COMMITTEE
JANUARY 30, 2019

Introduction: Good afternoon Chairman Weisz and members of the House Human Services Committee. My name is Jon Ault, Sr. Manager – Technology Consulting with Eide Bailly.

In recent years, the prevalence of cloud technology solutions has become more than simply a "trend", the migration to the cloud has become a competitive imperative for nearly every industry, including North Dakota long-term care providers.

Primary strategic drivers and benefits for long-term care providers' migration to the cloud include:

1. Access to Technological Advancements
2. Improved Operations
3. Security
4. Performance & Reliability

Access to Technological Advancements

In the current climate, cloud solutions are attracting an increasingly large portion of technology firm research and development investments. International Data Corporation (IDC), a leading technology research firm, forecasted that global public cloud spending would reach $160B in 2018 and grow to $277B by 2021. (1) The innovation driven by this level of growth is simply too significant to ignore. This is evident in a recent West Monroe Partners study, indicating that 35% of health care organizations housed more than 50% of their data or infrastructure in the cloud (2).

In addition to higher-levels of investment in cloud technologies by key technology vendors in the health care industry, it is also critical to understand that much of the next wave of technology innovation that will drive efficiency and improved clinical results will all but require the use of cloud technology. Solutions like machine learning, natural language processing and artificial

intelligence are all being driven by cloud technology. These technologies all have the potential to digitally transform how our state's long-term care organizations care for residents.

Improved Operations

Use of cloud solutions allows long-term care organizations to focus more of their human resources on care of residents and less on operating servers that run their critical applications. Cloud solutions (of all types) reduce efforts by businesses for the complex tasks required to maintain, upgrade and monitor their mission-critical technology. Use of cloud technologies also allows our long-term care providers to effectively outsource these complex tasks to vendors / experts and focus their resources on higher value work related to resident care.

Security

While there are certainly risks associated with storing Protected Health Information (PHI) in cloud systems, it is also true that every major technology vendor far out-invests even the most technologically advanced long-term care organization. Any objective analysis of the cyber-threat landscape will conclude that PHI is generally better protected with a properly vetted / major technology vendor then it is with on-premises systems at a typical long-term care organization. As with the complex operations tasks, security long-term provider's PHI is better left to expert technology providers and not to individual on-staff IT teams at long-term care provider organizations.

Performance & Reliability

Many systems in the long-term care industry are truly critical to the care of residents. Systems like Electronic Health Records are important tools for managing day-to-day resident care for critical functions like: Medication Administration, Documenting Care Plans and Quality & Compliance Management. Similar to security, local long-term care organizations simply cannot complete with major technology vendor investments in system performance & reliability. The cost and complexity to engineer a system with the proper redundancies and performance are often-times simply more than a typical long-term care IT team can be expected to implement and manage on a day-to-day basis.

In conclusion: The simple fact is that for the foreseeable future, cloud technologies are where many long-term care organizations will need to look to find the innovation, security, performance and reliability that will allow them to keep up with resident and other stakeholder expectations. Our reimbursement model should be updated to reflect this market reality and better support more strategic IT investment decisions by our long-term care providers.

Sources:

(1) https://www.idc.com/getdoc.jsp?containerId=prUS43511618
(2) https://www.beckershospitalreview.com/healthcare-information-technology/report-healthcare-industry-leads-in-cloud-adoption.html

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Pg. 1

Testimony HB 1124 – Fort Union Room

1/30/19 0900

Amy Kreidt, CEO 701-300-0853 akreidt@stlukeshome.com

St. Luke's Home, Dickinson ND

Chairman Weisz and members of the committee:

Good morning. My name is Amy Kreidt and work as the CEO of St. Luke's Home in Dickinson. I am here today to testify in support of HB 1124.

I have been the CEO of St. Luke's Home since 2015 and have been employed in healthcare since 1997 working as a CNA, nurse and now CEO. St. Luke's is an 88 bed skilled nursing facility with an attached Assisted Living facility. Starting in April, 2019 we will be using 20 of our skilled beds as Geropsych beds, relocating residents from the state hospital in Jamestown.

Over the years as we all know, healthcare has changed as well as the requirements to keep up to date. Electronic health records started to emerge in the 1960's. Part of the American Recovery and Reinvestment Act, all public and private healthcare providers were required to adopt and demonstrate meaningful use of electronic medical records by January 1, 2014. This was the beginning of major changes in healthcare. With technology, there are anticipated expenses that did not previously exist. At the time, a program was installed on a computer with a disk. Today, nearly all of our needed and required technology is cloud based.

St. Luke's has been required to update our electronic medical record this past year, which includes the documentation system for nursing staff, dietary, payroll, billing and finance. Our contracted company updates periodically and we are forced to update to keep the program functional. There is an opportunity to change companies, however this option is not cost effective once a system is in place as long as it works well.

We have a program to conduct staff education, secure email system that is required by the state to submit documents to them, resident satisfaction survey program, multiple value based purchasing and quality tools, programs to submit resident documentation for billing, programs for resident vital signs interface with our EMR, security cameras, updates to our wireless call light system and a radio frequency identification (RFID) system. All of these are cloud based. We also contract with our local telecommunications company to provide support with the above programs. These are the most cost effective plans I have been able to utilize while working to meet both the requirements and to continue to improve quality.

One program that was implemented in April, 2018 is our RFID system. This includes "tags" that adhere to a resident belonging and alarms when it passes through various checkpoints. The goal of the program is to not have glasses, hearing aides, dentures, resident phones, or their other valuables be thrown into the garbage or get washed in the laundry. With less than a year in place, this system has nearly paid for itself financially; not to mention the decreased staff and family time looking for belongings. This has also

improved the quality of life for the residents because their glasses don't go missing, they can continue to hear and their dentures are not lost, forcing them to eat potentially without their teeth. This has been priceless for our facility.

I determined there was such a need for this program, that donations through our foundation helped finance the program. This is something that directly affects our residents and long term will save money. The same is true of all the above technology. We are either required to utilize or

The current nursing home reimbursement system places this technology in the indirect care area, which is subject to limits. With _____ of the facilities in ND over the indirect care limits, facilities are less likely to afford to update their required technology.

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1/30/19
Pg 1

Testimony on HB 1124
House Human Services Committee
January 30, 2019

Good morning Chairman Weisz and members of the House Human Services Committee. My name is Alena Goergen, and I am the Director of Nursing of a 120 bed facility right here in Mandan. I am here to support HB1124 and to ask for your support as well.

I have just over 20 years of clinical experience, most of which has been spent in Long Term Care, dating back to when technology in the nursing facilities was just a thing of the future.

As in everyday life for nearly all of us, Technology has become vital. The nursing facilities are no exception. Access to technology in the workplace has become essential to efficient communication, safer patient care, increased patient outcomes, and improvements in well trained, productive staff.

The Centers for Medicare and Medicaid have implemented several new rules of participation that nursing facilities are required to meet to be eligible for reimbursement. The financial operations of our facilities are directly impacted by achievement of these new goals set before us. These goals are labor intensive and heavily dependent on efficiencies as well as highly qualified staff. Technology is our key to achieve compliance.

We have seen the benefits of technology significantly impact our patients, their families and our staff with:

- Our statewide immunization database for all patients
- Access to medical records with expedited results to testing
- Electronic medical records to expedite safe documentation
- Reduction in inefficient practices to put the staff back at the bedside
- Emergency preparedness programs to prepare for disasters
- Electronic staff education to allow us to do more with less
- Staffing software to reduce the time spent arranging proper staff
- Using technology to get families back in touch with each other
    - Ie Face Time to call family in Africa or the deployed in Afghanistan
- Getting patients in touch with estranged children through Facebook
- Translation programs when English is not their native language
- Utilizing gaming devices to increase resident mobility
- Remote access to crucial information to be a resource to the Facility/Staff
- Continuing education to stay on the cutting edge of industry standards.
- Access to country wide resources to improve patient outcomes
- Electronic customer satisfaction surveys for continual improvement

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The list could go on but I sincerely hope that you see the many benefits that are reaching our patients, their families and our community members (Staff).
Technology is no longer a thing of the future; it's the here and now. It is vital to provide the best care possible to our geriatric population. I urge you to support investments in technology to be coded as a pass-through expense so that facilities like mine can deliver the highest quality care to our elderly. I believe they deserve it.

Thank you

Alena Goergen, RN-BC, BSN, CDONA
Director of Nursing
Miller Pointe- A prospera Community
agoergen@good-sam.com
701-323-1340

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1/30/19
P 1

Testimony on HB 1124
House Human Services Committee
January 30, 2019

Good morning Chairman Weisz and members of the House Human Services Committee. My name is Bev Davis, and I am the Director of Nursing at a 55 bed long term care facility in Strasburg, ND. I am here to support HB1124 and to ask for your support as well.

Technology in the workplace today is not just a convenience….it is critical to operations, improved resident and facility outcomes & adequate staffing.

I have over thirty years nursing experience in multiple work settings and I have been in Long Term Care the past 10 years. I have worked in facilities where technology investments have been many; as well as facilities where technology investments were limited, and the differences are immense. Over the past couple of years CMS has implemented multiple new requirements of participation that facilities must meet in order to be eligible to receive reimbursement from Medicare and Medicaid. There has also been an increased focus on multiple quality measures associated with the provision of care to the elderly. Meeting the state and federal regulations as well as meeting the quality measures is necessary not only for excellent resident care, but the results can also be directly tied to the financial operations of the long term care facility. There have been great costs incurred in terms of both manpower and technology involved with meeting just the new regulations and quality measures.

Technology has helped our facility improve resident & quality outcomes by:

- Improving resident care & safety by identifying current problem areas as well as potential risk areas
- Allowing for the use of telemedicine giving residents in rural facilities access to specialty providers without even leaving the building. This in turn allows rural facilities to admit and care for residents they otherwise wouldn't be able to. It also empowers the staff to provide care for residents with acute condition changes that would normally be transferred to the hospital
- Improving transitions in care when it's necessary for a resident to be transferred from facility to hospital, to another facility, etc.

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- Completing in-depth resident assessments that identify specific individualized care needs
- Evaluating resident and family satisfaction, enabling us to focus on any challenge areas identified

Technology has helped manage staffing needs by:

- Ensuring staffing challenges are met
  (i.e. when a staff person is unable to meet their work obligation)
- Enabling the filing of mandatory staffing reports (payroll based journaling) directly to CMS
- Allowing rapid notification of staff in the event of an emergency

Technology helps improve facility outcomes by:

- Performing facility assessments to reveal the "state of the facility" on any given day-identifying resident population type and facility strengths & weaknesses
- Facilitating compliance with the Requirements of Participation in Medicare and Medicaid programs
  such as antibiotic stewardship & antipsychotic medication usage
- Improving quality measures with utilization of software programs that gather information from resident assessments, resident, family & staff interviews and other metrics.

None of this may sound that critical, but in a facility where manpower is limited and funds are even more limited, technology is imperative to help us achieve our overall goal, which is providing exceptional care to the elderly in need. Technology investments are no longer optional but are mandatory; therefore, I would ask that you support investments in technology to be coded as a pass-through expense, allowing long term care facilities to increase quality and efficiency in the care of our elderly.

Bev Davis, RN, MSN
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Strasburg Care Center
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House Human Services Committee Scheduled, Wednesday, January 30, 2019, 9:00am, Fort Union Room._

HB1124. Specifically: Money for LTC for technology

Good morning Appropriations Committee Members. Please accept this testimony in favor of House Bill 1124 with the understanding we are asking for funding specifically for the use of ongoing technology in long-term care. My name is April Fugleberg RN/BSN and nurse manager at MSLCC. I speak on behalf of the staff, residents, and families of MSLCC and any loved one we are providing care for in the community.

I would like to discuss why technology is changing the way we care for our residents. We have adapted a real time location system at MSLCC to provide more efficient care to our community's loved ones. With this system, we can answer a call light from anywhere in the facility, know who has had the light on the longest at our fingertips, and locate residents wherever they might be in a timely manner, for things such as appointments, medications, and activities. Not only is this a way to be more efficient but it also proved another layer of security for our residents. We can also track equipment such as lifts needed for resident care with the system allowing us to get the resident help faster. We can run reports to see how long a call light has been on or see how often a call light is used.

Prior to the technology staff would have to walk back to the nurse's station to see how long each light was on which takes time and residents wait longer, now we have the information on an I pad which the staff carry with them. In most cases, staff coming out of one room would just go to the next call light on not knowing if it had been on for 1 or 10 minutes

We have had less call wait times leading to less falls, less injury and sending rehabilitating

people home with a shorter stay. Pre RTLS our average call light wait time was 10 minutes, with the system we have been able to accomplish average wait time on 4.5 minutes.

Without this current technology, our LTC facility would not be able to provide the efficiency we have accomplished with the use of this system. Quality of care and resident satisfaction has improved tremendously. It is imperative that the residents have access to staff at all times and that management can respond accordingly.

We are forced to adapt to the new workforce and the shortage of workforce in our community. Long Term Care is changing and we need House Bill 1124 to pass to help us accomplish providing the care our loved ones and our community's loved ones ~~deserve~~.

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Testimony on HB 1124
Senate Human Services Committee
February 27, 2019

Good morning Chairman Lee and members of the Senate Human Services Committee. My name is Shelly Peterson, President of the North Dakota Long Term Care Association. We represent 214 long term care facilities in North Dakota, including all 80 nursing facilities. I am here to testify in support of HB 1124 and ask for your support. I would like to explain what the bill does and then have you hear from other individuals on the current environment and real possibilities of technology in long term care.

Almost thirty years ago when the rate setting system was developed, we may have had computer and any software we had was related to financial processes. Computers and the software that came with them was a capital expenditure, thus it was capitalized and reimbursed as part of the property rate. The payment rules are silent on the cloud/web based technology/software we are purchasing today and thus by rule anything not specified in a specific cost category is considered an indirect expense. We are here to ask you to allow software and technology that is based on cloud/web based platforms be included as a pass-through expense in property to help us work smarter. This will help everyone to be able to invest in systems to improve resident care and outcomes and use technology to save manpower, which is in short supply.

Today in the indirect cost category, over one-third of nursing facilities are exceeding this limit, so any investment they make in technology will not be reimbursed. Now if they were investing in computers and software

housed internally on a "server", that could be capitalized and paid for, but that is no longer the best investment.
Today's technology leaders argue that the cloud is where we need to house our data and systems. The "cloud" is not a piece of equipment and we receive a monthly subscription bill, we aren't purchasing and investing in equipment that is quickly becoming obsolete.

Today many facilities print Excel spreadsheets to manage complex scheduling processes. They physically run updated copies out to the nursing unit to make sure caregivers have the latest information available to them. Software to maximize this communication is in the cloud. We feel we have fallen behind in the digital age and it is impacting our operations at a critical time. We believe with real time data, we can better manage operations. Real time software, (RTS), is allowing facilities who have invested in this technology to:

-Instantly find a patient lift rather than searching the building or worse yet, don't look for the equipment and try to manually lift the patient and have an injury to the caregiver and patient.

-In the real-time digital work space, employees watch their paycheck details change with each hour worked. They know if they pick up one more shift, they'll earn enough to repair the car or go on vacation. Employees are self-scheduling with little need for intervention on our part. In the real-time digital work space, supervisors know who is in overtime and can choose the best worker for the job. In the real-time digital work space, Nurse Managers are making adjustments to staffing based on patient data that reflects census and service needs as it is happening.

-The Affordable Care Act and Payroll Based Journal reporting requirements are complex with a high need for accuracy and timeliness.

The cloud based platforms provide this functionality and can efficiently automate these reports.

I am the least knowledgeable on technology possibilities and want you to hear about what the future holds from nurses, administrators and experts in the midst of this change.

Thank you for your consideration of HB 1124.

Shelly Peterson, President
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TESTIMONY ON HB 1124
SENATE HUMAN SERVICES COMMITTEE
FEBRUARY 27, 2019

Introduction: Good morning Chairman Lee and members of the Senate Human Services Committee. My name is Jon Ault, Sr. Manager – Technology Consulting with Eide Bailly.

In recent years, the prevalence of cloud technology solutions has become more than simply a "trend", the migration to the cloud has become a competitive imperative for nearly every industry, including North Dakota long-term care providers.

Primary strategic drivers and benefits for long-term care providers' migration to the cloud include:

1. Access to Technological Advancements
2. Improved Operations
3. Security
4. Performance & Reliability

Access to Technological Advancements

In the current climate, cloud solutions are attracting an increasingly large portion of technology firm research and development investments. International Data Corporation (IDC), a leading technology research firm, forecasted that global public cloud spending would reach $160B in 2018 and grow to $277B by 2021. (1) The innovation driven by this level of growth is simply too significant to ignore. This is evident in a recent West Monroe Partners study, indicating that 35% of health care organizations housed more than 50% of their data or infrastructure in the cloud (2).

In addition to higher-levels of investment in cloud technologies by key technology vendors in the health care industry, it is also critical to understand that much of the next wave of technology innovation that will drive efficiency and improved clinical results will all but require the use of cloud technology. Solutions like machine learning, natural language processing and artificial

intelligence are all being driven by cloud technology. These technologies all have the potential to digitally transform how our state's long-term care organizations care for residents.

Improved Operations

Use of cloud solutions allows long-term care organizations to focus more of their human resources on care of residents and less on operating servers that run their critical applications. Cloud solutions (of all types) reduce efforts by businesses for the complex tasks required to maintain, upgrade and monitor their mission-critical technology. Use of cloud technologies also allows our long-term care providers to effectively outsource these complex tasks to vendors / experts and focus their resources on higher value work related to resident care.

Security

While there are certainly risks associated with storing Protected Health Information (PHI) in cloud systems, it is also true that every major technology vendor far out-invests even the most technologically advanced long-term care organization. Any objective analysis of the cyber-threat landscape will conclude that PHI is generally better protected with a properly vetted / major technology vendor then it is with on-premises systems at a typical long-term care organization. As with the complex operations tasks, security long-term provider's PHI is better left to expert technology providers and not to individual on-staff IT teams at long-term care provider organizations.

Performance & Reliability

Many systems in the long-term care industry are truly critical to the care of residents. Systems like Electronic Health Records are important tools for managing day-to-day resident care for critical functions like: Medication Administration, Documenting Care Plans and Quality & Compliance Management. Similar to security, local long-term care organizations simply cannot compete with major technology vendor investments in system performance & reliability. The cost and complexity to engineer a system with the proper redundancies and performance are often-times simply more than a typical long-term care IT team can be expected to implement and manage on a day-to-day basis.

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In conclusion: The simple fact is that for the foreseeable future, cloud technologies are where many long-term care organizations will need to look to find the innovation, security, performance and reliability that will allow them to keep up with resident and other stakeholder expectations. Our reimbursement model should be updated to reflect this market reality and better support more strategic IT investment decisions by our long-term care providers.

Sources:

(1) https://www.idc.com/getdoc.jsp?containerId=prUS43511618
(2) https://www.beckershospitalreview.com/healthcare-information-technology/report-healthcare-industry-leads-in-cloud-adoption.html

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Testimony for North Dakota Long Term Care Association

Senate Human Services Committee

February 27, 2019

Reier Thompson, President/CEO

Missouri Slope Lutheran Care Center

Bismarck, ND

H.B. No. 1124 – A bill for an Act to create and enact a new subsection to section 50-21.4-15 of the North Dakota Century Code, relating to nursing home rate setting.

Good day Committee Members. Please accept this testimony in favor of House Bill 1124. This bill will help Missouri Slope Lutheran Care Center (MSLCC) and all other nursing facilities in the state of North Dakota by allowing for necessary costs of doing business to be reimbursed in our rate setting system. Years ago, nursing facilities would buy new software delivered via floppy disks and CD-ROMs for various programs necessary to operate. The cost associated with these items were capitalized in our cost reports and allowed as a passthrough expense. It was treated the same as the important equipment we buy such as beds, mattresses, wheelchairs, and mechanical lifts to accomplish the important work of providing daily care to our residents across the state. Over the years, the software companies evolved and we are now paying subscription fees to access the same type of software solutions. The subscription fees are currently

being recorded as an administrative expense and subject to the limits and restrictions of other indirect expenses including labor in support areas such as maintenance, housekeeping, chaplaincy, dietary, and administration.

Technology has become one of the greatest tools we currently use in our facility and all facilities across the state. Tools like the Electronic Health Record (EHR) have replaced many inefficient and ineffective processes in order to keep up with rules, regulations, and consumer expectations. Our nursing team spends a great amount of their time documenting and working with the EHR to coordinate the delivery of care. The information in the EHR carries through to the direct caregivers providing them access to important information at their fingertips for all our residents. The information in the EHR carries through to the billing systems that are used to send accurate and timely data to the Department of Human Services, the Centers for Medicaid and Medicare Services, private insurance companies, families, and residents. The EHR has become as much of a tool in our building as the actual beds and lifts that are used to assist residents.

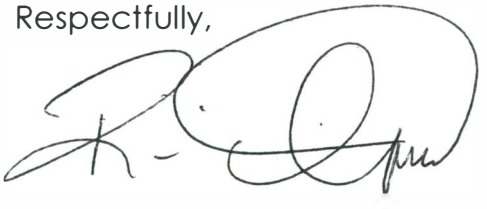
Our industry is constantly under pressure to do more with less. Facilities across the state are struggling to respond. At MSLCC, we invested in a Real Time Location System to help us make better, faster, and safer decisions. The system contains a mix of hardware and software that works to provide detailed information that we can analyze to improve the care our resident's receive. The

system allows our residents to feel safe and secure when they can signal our team for help anywhere in the building with wireless devices. The system has already helped us improve our average call response time by 18% during one of the early trials. The future is exciting with this new technology that will open up new ideas and ways of providing care.

These two forms of technology have significant monthly fees associated with their continued use. Facilities are going to be choosing between hiring the people they need to operate the facility or these necessary technologies. Our resident's deserve the best people and the best tools we can afford. Facilities should not face the issue of lacking the necessary tools to perform our jobs due to rate setting procedures that have not kept up with the times. I ask for your support of HB1124 as it will address and correct issues that have been overlooked for too long.

Thank you for your time and consideration. God bless you in your important work you are doing for all of us in this great state of North Dakota. I welcome any questions at this time.

Respectfully,



Reier Thompson

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Testimony HB 1124

2/27/2019

Amy Kreidt, CEO 701-300-0853 akreidt@stlukeshome.com

St. Luke's Home, Dickinson ND

Chairman Lee and members of the Senate Human Services Committee:

Good morning. My name is Amy Kreidt, and work as the CEO of St. Luke's Home in Dickinson. I am here today to testify in support of HB 1124.

I have been the CEO of St. Luke's Home since 2015 and have been employed in healthcare since 1997 working as a CNA, nurse and now CEO. St. Luke's is an independent 88 bed skilled nursing facility with an attached Assisted Living facility. Starting in April, 2019 we will be using 20 of our skilled beds as Geropsych beds, relocating residents from the state hospital in Jamestown.

St. Luke's has been required to update our electronic medical record this past year, which includes the documentation system for nursing staff, dietary, payroll, billing and finance. Our contracted company updates periodically and we are forced to update to keep the program functional. This one update alone has cost St. Luke's an additional $38,000 this year.

We have a program to conduct staff education, secure email system that is required by the state to submit documents to them, resident satisfaction survey program, multiple value based purchasing and quality tools, programs to submit resident documentation for billing, interface with our electronic medical record (EMR), security cameras, scheduling software that also works with our emergency preparedness program of timely staff notification, safety data sheets software, our entire HVAC system, updates to our wireless call light system and a radio frequency identification (RFID) system. All of these are cloud based. We also contract with our local telecommunications company to provide support with the above programs. These are the most cost effective and efficient plans I have been able to utilize while working to meet both the requirements and to continue to improve quality.

One program that was implemented in April, 2018 is our RFID system. This includes "tags" that adhere to a resident belonging and alarms when it passes through various checkpoints. The goal of the program is to not have glasses, hearing aides, dentures, resident phones, or their other valuables be thrown into the garbage or get washed in the laundry. With less than a year in place, this system has nearly paid for itself financially; not to mention the decreased staff and family time looking for belongings. This has also improved the quality of life for the residents because their glasses don't go missing, they can continue to hear and their dentures are not lost, forcing them to eat potentially without their teeth. This has been priceless for our facility.

We recently had to purchase new blood pressure monitors throughout the facility. There is now an option to purchase an interface so the results will automatically upload into their EMR. Over time this will save us countless hours and dollars in staff time, however there are fees associated with having this

system in place. A total for this current year in updates and cloud based programs is approximately $76,000.

The current nursing home reimbursement system places this technology in the indirect care area, which is subject to limits. Currently 27 nursing facilities are exceeding the indirect limit, incurring $4.5 million in unreimbursed costs.

The way the current reimbursement system is built, the details addressed above are included in the indirect care area and oftentimes are not reimbursed due to being over the limits. This is a big reason why the facilities are exceeding the limits. Facilities are required to be in compliance with CMS regulations, however, cannot afford the high cost of the regulations.

I request that you support House Bill 1124.

Thank You

Amy Kreidt RN, MBA, MSN

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Testimony on HB 1124
Senate Human Services Committee
February 27, 2019

Good morning Chairman Lee and members of the Senate Human Services Committee. My name is Bev Davis, and I am the Director of Nursing at a 55 bed long term care facility in Strasburg. I am here to support HB1124 and to ask for your support as well.

Technology in the workplace today is not just a convenience….it is critical to operations, adequate staffing and improved resident & facility outcomes.

I have over thirty years nursing experience in multiple work settings and I have been in Long Term Care the past 10 years. I have worked in facilities where technology investments were many; as well as those with limited investments and the differences are immense.

Over the past couple of years CMS has implemented multiple new requirements of participation that facilities must meet in order to be eligible to receive reimbursement from Medicare and Medicaid. There has also been an increased focus on several quality measures associated with the provision of care to the elderly. Meeting the state and federal regulations as well as meeting or exceeding the quality measures is necessary not only for excellent resident care, but the results can also be directly tied to financial operations. Long Term Care facilities have invested a lot in terms of both manpower and technology to be able to meet these new regulations and quality measures.

Technology has helped our facility improve resident & quality outcomes by:

- Improving resident care and safety as we identify current concerns and areas of potential risk
- Improving transitions in care when it's necessary for a resident to be transferred from facility to hospital, or another long term care facility, such as we witnessed with the recent fire at the Ashley, ND hospital & nursing home.
- Completing in-depth resident assessments that identify specific individualized care needs
- Accomplishing the mandate of evaluating resident and family satisfaction & enables us to focus on any challenge areas identified

Technology has helped manage staffing by:

- Ensuring staffing challenges are met when a staff person is unable to meet their work obligation
- Enabling the facility to file mandatory staffing reports directly to CMS for the payroll based journaling program
- Allowing rapid notification of staff in the event of an emergency

Technology helps improve facility outcomes by:

- Performing assessments which reveal the "state of the facility" on any given day-identifying resident population needs and facility strengths & weaknesses
- Enabling compliance with the Requirements of Participation in Medicare and Medicaid programs such as antibiotic stewardship & decreased antipsychotic medication usage
- Improving quality measures with utilization of software programs that collect data from multiple sources

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None of this may sound crucial, but in our facility where both manpower and funds are limited, technology is imperative in helping achieve our overall goal, which is providing exceptional care to the elderly in need. Technology investments are no longer optional but are mandatory; therefore, I would ask that you support investments in technology to be coded as a pass-through expense, allowing long term care facilities to increase quality and efficiency in the care of our elderly.

Bev Davis, RN, MSN
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Testimony on HB 1124
Senate Appropriations Committee
March 13, 2019

Good afternoon Chairman Holmberg and members of the Senate Appropriations Committee. My name is Shelly Peterson, President of the North Dakota Long Term Care Association. We represent 214 long term care facilities in North Dakota, including all 80 nursing facilities. I am here to testify in support of HB 1124 and ask for your support.

Almost thirty years ago when the nursing facility rate setting system was developed, we may have had computers and any software we had was related to financial processes. Computers and the software that came with them was a capital expenditure, thus it was capitalized and reimbursed as part of the property rate. The payment rules are silent on the cloud/web based technology/software we are purchasing today and thus by rule anything not specified in a specific cost category is considered an indirect expense. Today over one-third of nursing facilities exceed this limit and thus they don't get any funding in their rate for technology. We are here to ask you to allow software and technology that is based on cloud/web based platforms be included as a pass-through expense to help us work smarter. This will help everyone to be able to invest in systems to improve resident care and outcomes and use technology to save manpower, which is in short supply.

As I just stated, in the indirect cost category, over one-third of nursing facilities are exceeding this limit, so any investment they make in technology will not be reimbursed. Now if they were investing in

computers and software housed internally on a "server", that could be capitalized and paid for, but that is no longer the best investment. Technology leaders argue that the cloud is where we need to house our data and systems. The "cloud" is not a piece of equipment and we receive a monthly subscription bill, we aren't purchasing and investing in equipment that is quickly becoming obsolete.

Today some facilities print Excel spreadsheets to manage complex scheduling processes. They physically run updated copies out to the nursing unit to make sure caregivers have the latest information available to them. Software to maximize this communication is in the cloud. We feel we have fallen behind in the digital age and it is impacting our operations at a critical time. We believe with real time data, we can better manage operations. Real time software, (RTS), is allowing facilities who have invested in this technology to:

-Instantly find a patient lift rather than searching the building or worse yet, don't look for the equipment and try to manually lift the patient and have an injury to the caregiver and patient.

-In the real-time digital work space, employees watch their paycheck details change with each hour worked. They know if they pick up one more shift, they'll earn enough to repair the car or go on vacation. Employees are self-scheduling with little need for intervention on our part. In the real-time digital work space, supervisors know who is in overtime and can choose the best worker for the job. In the real-time digital work space, Nurse Managers are making adjustments to staffing based on patient data that reflects census and service needs as it is happening.

-The Affordable Care Act and Payroll Based Journal reporting requirements are complex with a high need for accuracy and timeliness. The cloud based platforms provide this functionality and can efficiently

automate these reports. With all of the reporting and submission requirements to the state and federal government, no one can exist without technology.

This funding will help us and keep us in compliance.

Thank you for your consideration of HB 1124.

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NURSING FACILITY PAYMENT SYSTEM

EQUALIZATION OF RATES

The legislature implemented equalization of rates for nursing facilities in 1990. Equalization of rates requires all residents be charged the same rate for comparable services. Minnesota and North Dakota are the only states in the nation with equalization of rates.

MINIMUM DATA SET FOR PAYMENT

The state adopted the Minimum Data Set (MDS) for its payment system on January 1, 1999. The MDS provides a wide array of information regarding the health status and care needs of each resident. The payment system has forty-eight facility specific rates. Each resident is evaluated at least quarterly and the intensity of their needs determines their rate classification.

RATE CALCULATIONS

The determination of rates is the sum of **six components**: direct care, other direct care, indirect care, property, operating margin and incentive. Each component has an established rate limit or asset cost limit for buildings and building components and if the nursing home's rate or asset cost for that component exceeds the limit, the excess is not allowed in the rate. Facilities need to find donations or other revenue streams to cover their expenses when rates have been limited. Current limits are calculated based on the **June 30, 2014 cost report.** The new limits were effective June 1, 2017. These limits will remain in effect until rebasing occurs on January 1, 2021.

Limits - The **direct care, other direct care and indirect care** limits (the maximum that will be paid) are set by arraying the facilities from least expensive to most expensive, selecting the facility at the mid-point (median facility) and multiplying that facility's rate by a set factor. The **direct care and other direct care** limits are established by multiplying the median facility's rate by 120%. The **indirect care** limit is established by multiplying the rate of that median facility by 110%. The limits use to be inflated annually by the legislative approved inflation factor until rebased. Since the 2017 legislative body did not fund an inflation adjustment for 2018 or 2019 rate years, the June 1, 2017 limits remain in place until legislatively updated or until rebased on January 1, 2021. In 2019, 60% (47 of 78) exceed at least one limit. These nursing facilities are spending $11 million over limits.

Occupancy Limitation - In the June 30, 2018 cost reporting period, 20 nursing facilities reported twelve month occupancy averages of less than 90%. Together they incurred $3,108,969 in unreimbursed costs because they operate under 90% occupancy.

Direct Care Rate - Costs in the Direct Care Category include: Nursing and therapy salaries and benefits, OTC drugs, minor medical equipment and medical supplies. On January 1, 2019 the direct care limit is $178.18 per day. Eighteen nursing facilities exceed this limit. These nursing facilities spent $5,677,933 in excess of the limit, costs which will never be recouped. The direct care limit of $178.18 will remain in place until legislatively changed or until rebased on January 1, 2021.

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Other Direct Care - Costs in the Other Direct Care Category include: Laundry, social service, and activity salaries and benefits, food, and supplies. On January 1, 2019 the other direct care limit was $28.15 per day. Fifteen nursing facilities exceed this limit. These facilities spent $830,028 in excess of the limit, costs which will never be recouped. The other direct care limit of $28.15 will remain in place until legislatively changed or until rebased on January 1, 2021.

Indirect Care - Costs in the Indirect Care Category include: Administration, chaplain, housekeeping, dietary, and plant salaries and fringe benefits, housekeeping and dietary supplies, pharmacy, medical records, insurance, and plant operations. On January 1, 2019 the indirect limit was $77.29 per day. Twenty-seven nursing facilities exceed this limit. These facilities spent $4,511,473 in excess of the limit, costs which will never be recouped. The indirect care limit of $77.29 will remain in place until legislatively changed or until rebased on January 1, 2021.

Property & Some Pass Through Costs - Costs in the Property Category include: Depreciation, interest expense, property taxes, lease and rental costs and start-up costs. The average property rate is $22.13 per resident per day, with a range of $4.85 to $69.85. Pass through costs include bad debt up to 360 days of bad debt per resident after all avenues of payment are sought, reasonable legal costs for bad debt collection where the provider has prevailed in collection efforts, scholarships and education related loan repayments of up to $15,000 per person with repayment provisions if the person is employed for less than 4 years.

Efficiency Incentives - An incentive payment is provided to nursing facilities that are under the limit in indirect care. The efficiency incentive is calculated for each facility based upon their indirect costs compared to the indirect limit. Facilities are able to receive 70 cents for every dollar they are below the limit up to a maximum of $2.60 per resident day. In 2019, the average per day incentive is $2.32, with fifty-one nursing facilities receiving the efficiency incentive. Of the fifty-one facilities receiving the incentive, the range is $.16 to $2.60.

Operating Margin – Since 1990 nursing facilities receive an operating margin of three percent based on their historical direct care costs and other direct care costs. On January 1, 2018 the operating margin temporarily increased to 3.74%. The operating margin provides needed cash flow to cover up-front salary adjustments, rapidly rising costs, replacement of needed equipment, unforeseen expenses, costs in excess of limits, unallowable costs, and dollars to implement ever increasing regulations. In 2019, the average operating margin is $6.36 per resident per day.

Inflation - Inflation is a rise in price levels that are generally beyond the control of long term care facilities. An example of a price level increase is a 20% increase in health insurance. To attract and retain adequate staff, nursing facilities need to offer salary and benefit packages that reward people. Approximately 75% - 80% of a nursing facility's budget is dedicated to personnel costs. Inflation adjustments are critical for salary and benefits so nursing facilities can compete in the market place. Annual inflationary adjustments are set every legislative session. 2016 was the last year an inflationary adjustment was given and it was 3%. Elimination of this key adjustment will remain until legislatively changed.

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Testimony for North Dakota Long Term Care Association

Senate Appropriations Committee

March 13, 2019

Reier Thompson, President/CEO

Missouri Slope Lutheran Care Center

Bismarck, ND

H.B. No. 1124 – A bill for an Act to create and enact a new subsection to section 50-21.4-15 of the North Dakota Century Code, relating to nursing home rate setting.

Good day Committee Members. Please accept this testimony in favor of House Bill 1124. This bill will help Missouri Slope Lutheran Care Center (MSLCC) and all other nursing facilities in the state of North Dakota by allowing for necessary costs of doing business to be reimbursed correctly in our rate setting system. Years ago, nursing facilities would buy new software delivered via floppy disks and CD-ROMs for various programs necessary to operate healthcare organizations. The cost associated with these items were capitalized in our cost reports and allowed as a passthrough expense. It was treated the same as the important equipment we buy such as beds, mattresses, wheelchairs, and mechanical lifts to accomplish the important work of providing daily care to our residents across the state. Over the years, the software companies evolved and we are now paying subscription fees to access the same type of software

related solutions. The subscription fees are currently being recorded as an administrative expense and subject to the limits and restrictions of other expenses in the indirect category including labor in areas such as maintenance, housekeeping, chaplaincy, dietary, medical records, pharmacy, dietary, and administration.

Technology has become one of the greatest tools we currently use in our facility and all facilities across the state. Tools like the Electronic Health Record (EHR) have replaced many inefficient and ineffective processes in order to keep up with rules, regulations, and consumer expectations. Our nursing team spends a great amount of their time documenting and working with the EHR to coordinate the delivery of care. The information in the EHR carries through to the direct caregivers providing them access to important information at their fingertips for all our residents. The information in the EHR carries through to the billing systems that are used to send accurate and timely data to the Department of Human Services, the Centers for Medicaid and Medicare Services, private insurance companies, families, and residents. The EHR has become as much of a tool in our building as the actual beds and lifts that are used to assist residents.

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contains a mix of hardware and software that works to provide detailed information that we can analyze to improve the care our resident's receive. The system allows our residents to feel safe and secure when they can signal our team for help anywhere in the building with wireless devices. The system has already helped us improve our average call response time by 18% during one of the early trials. The future is exciting with this new technology that will open up new ideas and ways of providing care.

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Thank you for your time and consideration. God bless you in your important work you are doing for all of us in this great state of North Dakota. I welcome any questions at this time.

Respectfully,

Reier Thompson