

**HOUSE BILL NO. 1179**

Introduced by

Human Services Committee

(At the request of the Office of Management and Budget)

1 A BILL for an Act to amend and reenact sections 6-09.16-01, 6-09.16-02, 6-09.16-03,  
2 6-09.16-04, 6-09.16-05, 6-09.16-06, 50-24.4-30, 50-30-01, 50-30-02, and 50-30-04 of the North  
3 Dakota Century Code, relating to the nursing facility alternative loan fund, nursing facility  
4 alternative loan fund applications, terms and conditions of nursing facility alternative loans, the  
5 government nursing facility funding pool, definitions, uses of the North Dakota health care trust  
6 fund, and long-term care loans; to provide for a transfer from the nursing facility alternative  
7 grant fund; to provide a continuing appropriation; to provide an effective date; and to declare an  
8 emergency.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1. AMENDMENT.** Section 6-09.16-01 of the 1999 Supplement to the North  
11 Dakota Century Code is amended and reenacted as follows:

12 **6-09.16-01. (~~Effective through June 30, 2001~~) Definitions.** Terms defined in chapter  
13 50-30 have the same meaning when used in this chapter.

14 **SECTION 2. AMENDMENT.** Section 6-09.16-02 of the 1999 Supplement to the North  
15 Dakota Century Code is amended and reenacted as follows:

16 **6-09.16-02. (~~Effective through June 30, 2001~~) Revolving Long-term care loan fund**  
17 **- ~~Appropriation~~ Continuing appropriation.**

18 1. A revolving loan fund must be maintained in the Bank of North Dakota for the  
19 purpose of making loans to ~~nursing facilities, basic care facilities, assisted living~~  
20 ~~facilities, or other entities providing alternatives to nursing facility care, to~~  
21 ~~encourage and support conversion of nursing facilities;~~

22 a. Nursing facilities or basic care facilities for construction projects or for projects  
23 providing an alternative to nursing facility care; and

1           b. Assisted living facilities or other entities for projects providing an alternative to  
2           nursing facility care.

3           2. All moneys transferred into the fund, interest upon moneys in the fund, and  
4           collections of interest and principal on loans made from the fund are hereby  
5           appropriated for disbursement pursuant to the requirements of this chapter.

6           **SECTION 3. AMENDMENT.** Section 6-09.16-03 of the 1999 Supplement to the North  
7           Dakota Century Code is amended and reenacted as follows:

8           **6-09.16-03. (~~Effective through June 30, 2001~~) Nursing facility alternative**

9           **Long-term care loan fund.**

10          1. There is hereby created a ~~nursing facility alternative~~ long-term care loan fund. The  
11          fund ~~shall include~~ consists of revenue transferred from the North Dakota health  
12          care trust fund, interest upon moneys in the fund, and collections of interest and  
13          principal on loans made from the fund.

14          2. The Bank of North Dakota shall administer the loan fund. Funds in the loan fund  
15          may be used for:

16           a. Loans as provided in this chapter and as approved by the department under  
17           chapter 50-30; and

18           b. The costs of administration of the fund; ~~and~~

19           e. ~~Repayment of federal funds if the United States department of health and~~  
20           ~~human services determines that funds were inappropriately claimed under~~  
21           ~~section 50-24.4-30.~~

22          3. Any money in the fund not required for use under subsection 2 must be transferred  
23          to the North Dakota health care trust fund.

24          **SECTION 4. AMENDMENT.** Section 6-09.16-04 of the 1999 Supplement to the North  
25          Dakota Century Code is amended and reenacted as follows:

26          **6-09.16-04. (~~Effective through June 30, 2001~~) Loan application - How made.** All

27          applications for loans under this chapter must be made to the department. The department  
28          may approve the applications of qualified applicants ~~who~~ that propose projects ~~that~~ which

29          conform to requirements established under chapter 50-30. ~~Applications approved by the~~

30          ~~department must be forwarded to the Bank of North Dakota. Upon approval of the application~~

31          ~~by the Bank of North Dakota, loans may be made from the revolving loan fund in accordance~~

1 ~~with the provisions of this chapter.~~ The Bank of North Dakota shall review and approve or  
2 reject all loan applications forwarded to the Bank of North Dakota by the department. For  
3 applications approved by the Bank of North Dakota and upon final approval of the application  
4 by the department, loans may be made from the long-term care loan fund in accordance with  
5 this chapter.

6         **SECTION 5. AMENDMENT.** Section 6-09.16-05 of the 1999 Supplement to the North  
7 Dakota Century Code is amended and reenacted as follows:

8         **6-09.16-05. (~~Effective through June 30, 2001~~) Amount of loans - Terms and**  
9 **conditions.** Loans in an amount not exceeding eighty percent of project costs may be made  
10 by the Bank of North Dakota from the fund maintained pursuant to this chapter. Such loans  
11 must bear interest at a rate ~~determined by the Bank of North Dakota to be two percentage~~  
12 ~~points less than the market rate for similar commercial loans, provided that no loan may bear~~  
13 ~~interest at a rate less than one-half of one two percent, or more than seven percent,~~ of the  
14 outstanding principal balance of the loan. In consideration of the making of a loan under this  
15 chapter, each borrower shall execute a contract with the department to operate the project in  
16 accordance with standards established under chapter 50-30. The contract must also provide  
17 that if the use of the project is discontinued or diverted to purposes other than those provided in  
18 the loan application without written consent of the department, the full amount of the loan  
19 provided under this chapter immediately becomes due and payable. The Bank of North Dakota  
20 may annually deduct, as a service fee for administering the ~~revolving~~ loan fund maintained  
21 under this chapter, one-half of one percent of the principal balance of the outstanding loans  
22 from the ~~revolving~~ fund.

23         **SECTION 6. AMENDMENT.** Section 6-09.16-06 of the 1999 Supplement to the North  
24 Dakota Century Code is amended and reenacted as follows:

25         **6-09.16-06. (~~Effective through June 30, 2001~~) Powers of Bank of North Dakota.**  
26 The Bank of North Dakota may do all acts or things necessary to negotiate loans and preserve  
27 security under this chapter, including the power to take such security as deemed necessary, to  
28 exercise any right of redemption, and to bring suit in order to collect interest and principal due  
29 the ~~revolving~~ fund under mortgages, contracts, and notes executed to obtain loans under the  
30 provisions of this chapter. If the applicant's plan for financing provides for a loan of funds from  
31 sources other than the state of North Dakota, the Bank of North Dakota may take a subordinate

1 security interest. The bank may recover from the ~~revolving~~ loan fund amounts actually  
2 expended by it for legal fees and to effect a redemption.

3 **SECTION 7. AMENDMENT.** Section 50-24.4-30 of the North Dakota Century Code is  
4 amended and reenacted as follows:

5 **50-24.4-30. (~~Effective through June 30, 2001~~) Government nursing facility funding**  
6 **pool ~~—Appropriations.~~**

- 7 1. For purposes of this section:
- 8 a. "Fiscal period" means a twelve-month period determined by the department;  
9 and
- 10 b. "~~Governmental~~ Government nursing facility" means ~~any a~~ a nursing home  
11 ~~administered owned by any political subdivision of this state either the city of~~  
12 Dunseith or the city of McVille for which a rate is set under this chapter.
- 13 2. The department shall establish a pool consisting of an amount annually calculated  
14 by multiplying the total of all resident days of all nursing homes during the fiscal  
15 period during which a resident was eligible for and received benefits under chapter  
16 50-24.1 times an amount that does not exceed the amount that can reasonably be  
17 estimated to be paid under payment principles established under title XVIII of the  
18 Social Security Act [42 U.S.C. 1395; et seq.], reduced by the payment rates set for  
19 each such resident, for each such day, during the fiscal period.
- 20 3. In addition to any payment made pursuant to a rate set under this chapter, and  
21 notwithstanding any other provision of this chapter, the department shall pay to  
22 each ~~governmental~~ government nursing facility an amount determined by:
- 23 a. Dividing that facility's total inpatient days for the fiscal period by the total  
24 inpatient days of ~~all governmental~~ both government nursing facilities for the  
25 fiscal period; and
- 26 b. Multiplying a decimal fraction determined under subdivision a times the pool  
27 amount determined under subsection 2.
- 28 4. Each ~~governmental~~ government nursing facility, immediately upon receiving a  
29 payment under subsection 3, shall remit the amount of that payment, less a ~~ten~~  
30 one hundred thousand dollar transaction fee, to the state treasurer for credit to:

- 1           a. ~~The North Dakota health care trust fund in an amount equal to the federal~~  
2           ~~medical assistance percentage for the fiscal period times the total remittance~~  
3           ~~to the state treasurer, less ten thousand dollars; and~~  
4           b. ~~The general fund for all remaining amounts~~ the North Dakota health care trust  
5           fund.
- 6           5. A government nursing facility may not receive transaction fees totaling more than  
7           one hundred thousand dollars during any calendar year. Each government nursing  
8           facility shall use its transaction fee revenues for long-term care-related services.
- 9           6. Notwithstanding any other provision of this code, or of any ordinance or code  
10          governing the operation of a ~~governmental~~ government nursing facility, a  
11          ~~governmental~~ government nursing facility ~~is authorized to~~ shall receive and, upon  
12          receipt, is required to remit payments provided under this section.
- 13          ~~6.~~ 7. No payment by the department is required under this section for any period in  
14          which the funds otherwise appropriated under subdivision b of subsection 7 8 are  
15          unavailable due to action by the secretary of the United States department of  
16          health and human services.
- 17          ~~7.~~ 8. The department of human services, subject to legislative appropriation, may make  
18          the payments described in subsection 3 for the pool amount annually determined  
19          under subsection 2, as follows:
- 20           a. From special funds derived from federal funds and other income, the pool  
21           amount determined under subsection 2 reduced by the amount determined  
22           under subdivision b; and
- 23           b. From the ~~general fund~~ North Dakota health care trust fund, the "state  
24           percentage" as that term is used in defining the term "federal medical  
25           assistance percentage" for purposes of title XIX of the Social Security Act [42  
26           U.S.C. 1396; et seq.], multiplied times the pool amount determined under  
27           subsection 2.

28           **SECTION 8. AMENDMENT.** Section 50-30-01 of the North Dakota Century Code is  
29          amended and reenacted as follows:

30           **50-30-01. (~~Effective through June 30, 2001 — See notes~~) Definitions.** For purposes  
31          of this chapter:

Fifty-seventh  
Legislative Assembly

- 1           1. "Alternative to nursing facility care" means services described in the home and  
2           community-based services waiver for aged persons under medical assistance.
- 3           2. "Assisted living facility" has the meaning provided in section 50-24.5-01, ~~but if the~~  
4           ~~term is not defined in that section, the term means a facility that:~~
- 5           a. ~~Makes response staff available at all times;~~
- 6           b. ~~Provides housing and:~~
- 7                 (1) ~~Congregate meals;~~
- 8                 (2) ~~Kitchen facilities in each resident's living quarters; or~~
- 9                 (3) ~~Any combination of congregate meals and kitchen facilities in each~~  
10                 ~~resident's living quarters sufficient to assure each resident adequate~~  
11                 ~~access to meals;~~
- 12           e. ~~Assures provision of:~~
- 13                 (1) ~~Personal care, therapeutic care, and social and recreational~~  
14                 ~~programming;~~
- 15                 (2) ~~Supervision, safety, and security;~~
- 16                 (3) ~~Medication services; and~~
- 17                 (4) ~~Transportation services;~~
- 18           d. ~~Fosters dignity, respect, and independence by allowing, to the maximum~~  
19                 ~~extent feasible, each resident to determine the resident's service providers,~~  
20                 ~~routines of care provision, and service delivery; and~~
- 21           e. ~~Services five or more adult residents, unrelated to the proprietor, on a~~  
22                 ~~specified premises not licensed under chapter 23-20 or 25-16, which meets~~  
23                 ~~the requirements of the national fire protection association 101 Life Safety~~  
24                 ~~Code, as applicable.~~
- 25           3. "Basic care facility" has the meaning provided in section 23-09.3-01.
- 26           4. "Conversion" means:
- 27           a. ~~The remodeling of existing space and, if necessary, the construction of~~  
28                 ~~additional space required to accommodate basic care facility services,~~  
29                 ~~assisted living facility services, or other alternatives to nursing facility care; or~~
- 30           b. ~~New construction of a basic care facility, assisted living facility, or other~~  
31                 ~~alternative to nursing facility care if existing nursing facility beds are no longer~~

1                   ~~licensed and the department determines that new construction is more cost~~  
2                   ~~effective than the conversion of existing space.~~

3           5. "Department" means the department of human services.

4           5. "Long-term care" means the provision of care in a nursing facility, basic care  
5           facility, assisted living facility, or other entity providing an alternative to nursing  
6           facility care.

7           6. "Medical assistance" means a program established under title XIX of the Social  
8           Security Act [42 U.S.C. 1396, et seq.] and chapter 50-24.1.

9           7. "Nursing facility" has the same meaning as provided in section 50-24.4-01 for the  
10           term "nursing home".

11           **SECTION 9. AMENDMENT.** Section 50-30-02 of the North Dakota Century Code is  
12           amended and reenacted as follows:

13           **50-30-02. ~~(Effective through June 30, 2001—See notes)~~ North Dakota health care**  
14           **trust fund created - ~~Appropriation~~ Uses - Continuing appropriation.** There is hereby  
15           created in the state treasury a special fund known as the North Dakota health care trust fund.  
16           The fund ~~shall include~~ consists of revenue received from ~~governmental~~ government nursing  
17           facilities for remittance to the fund under section 50-24.4-30. The department shall administer  
18           the fund and shall adopt procedures for participation by ~~governmental~~ government nursing  
19           facilities. ~~All moneys designated for the fund from whatever source derived must be deposited~~  
20           ~~with the state treasurer in the North Dakota health care trust fund.~~ The state treasurer shall  
21           invest such funds in interest-bearing accounts, as designated by the department, and the  
22           interest earned must be deposited in the North Dakota health care trust fund. All moneys  
23           deposited in the North Dakota health care trust fund are available to the department, ~~subject to~~  
24           ~~legislative appropriation, for disbursement pursuant to the requirements of this chapter.:~~

25           1. Transfer to the long-term care loan fund, as authorized by legislative appropriation,  
26           for making loans pursuant to the requirements of this chapter;

27           2. Payment, as authorized by legislative appropriation, of costs of other programs  
28           authorized by the legislative assembly; and

29           3. Repayment of federal funds, which are appropriated and may be spent if the  
30           United States department of health and human services determines that funds  
31           were inappropriately claimed under section 50-24.4-30.

1           **SECTION 10. AMENDMENT.** Section 50-30-04 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           ~~50-30-04. (Effective through June 30, 2001— See notes) Department to award~~  
4 ~~grants or make loan guarantees~~ Long-term care loans.

5           1. The department may ~~award grants from the nursing facility alternative grant fund or~~  
6 ~~approve loans from the nursing facility alternative~~ long-term care loan fund  
7 established under chapter 6-09.16 for ~~capital or one-time expenditures, including~~  
8 ~~startup and training expenses and operating losses for the first year:~~ projects that  
9 have received final or pending final approval from the department as of  
10 November 30, 2000.

11           a. ~~To any nursing facility which has been approved for at least three years as a~~  
12 ~~provider under the medical assistance program to convert all or a portion of~~  
13 ~~the facility licensed to provide such care to a basic care facility, assisted living~~  
14 ~~facility, or other alternative to nursing facility care; or~~

15           b. ~~To any other entity meeting conditions established by the department to~~  
16 ~~develop a basic care facility, assisted living facility, or other alternative to~~  
17 ~~nursing facility care.~~

18           2. ~~A nursing facility or other entity may be eligible for a grant or loan only if the basic~~  
19 ~~care facility, assisted living facility, or other alternative to nursing facility care is~~  
20 ~~located in an underserved area as determined by the department.~~

21           ~~3.~~ 2. To be eligible for a ~~grant or loan~~ under this section, the nursing facility, basic care  
22 facility, assisted living facility, or other entity approved by the department shall  
23 provide at least twenty percent of the total cost of any ~~conversion~~ project. The  
24 department shall establish policies and procedures for certification of the required  
25 matching funds. The department's share of the total cost of any ~~conversion~~ project  
26 is limited to one million dollars or eighty percent of the project cost, whichever is  
27 less.

28           4. ~~The department shall annually establish a calendar for receiving and evaluating~~  
29 ~~proposals and awarding grants or approving loans.~~

- 1       5. ~~3.~~ ~~No grant or loan application may be approved by the~~ The department may not  
2       approve a loan application for a project providing an alternative to nursing facility  
3       care unless the applicant can demonstrate that:
- 4       a. ~~Conversion of the nursing facility or portion of the facility to a basic care~~  
5       ~~facility, assisted living facility, or other alternative to nursing facility care may~~  
6       ~~offer efficient and economical care to individuals requiring long-term care~~  
7       ~~services in the area;~~
- 8       b. ~~Basic care, assisted living services, or other alternatives to nursing facility~~  
9       ~~care are unlikely to be available in the area for individuals eligible for services~~  
10      ~~under the medical assistance program; and~~
- 11      e. ~~The resulting reduction in the availability of nursing facility service is not~~  
12      ~~expected to cause undue hardship on those individuals requiring nursing~~  
13      ~~facility services~~ a specified number of beds as determined by the department  
14      relating to the project are committed for occupancy.
- 15      6. ~~4.~~ ~~No grant may be awarded or loan~~ may be approved unless the applicant agrees:
- 16      a. ~~To maintain a minimum occupancy rate by~~ make available services at a level  
17      as determined by the department for individuals eligible for supplemental  
18      security income benefits provided under title XVI of the Social Security Act [42  
19      U.S.C. 1382; et seq.]; and
- 20      b. ~~To refund~~ repay to the nursing facility alternative grant fund or the nursing  
21      ~~facility alternative~~ long-term care loan fund, on an amortized basis, the  
22      amount outstanding balance of the grant or loan and any accrued interest if  
23      the applicant or its successor in interest ceases to operate ~~a basic care~~  
24      ~~facility, assisted living facility, or other alternative to nursing facility care during~~  
25      ~~the ten-year period after the date the applicant began operation of its facility~~  
26      ~~as a basic care facility, assisted living facility, or other alternative to nursing~~  
27      ~~facility care~~ the project or facility financed by the loan proceeds, ceases to  
28      maintain the agreed minimum ~~occupancy rate~~ level of services, or fails to  
29      commence operations within a reasonable time.
- 30      7. ~~5.~~ In addition to other remedies provided by law or contract, the department may  
31      deduct the amount of any refund due from a recipient of ~~grant or a~~ loan guarantee

1                    ~~funds~~ from any money owed by the department to such recipient or the recipient's  
2                    successor in interest.

3                    **SECTION 11. NURSING FACILITY ALTERNATIVE GRANT FUND - TRANSFER -**

4                    **GRANTS ADMINISTRATION.** The state treasurer shall transfer any remaining balance in the  
5                    nursing facility alternative grant fund on June 30, 2001, to the health care trust fund. The  
6                    department of human services may continue making grant payments from the health care trust  
7                    fund relating to grants approved during the 1999-2001 biennium under the nursing facility  
8                    alternative grant fund. The department may spend moneys in the health care trust fund  
9                    pursuant to legislative appropriations for the purpose of making these grant payments for the  
10                    biennium beginning July 1, 2001, and ending June 30, 2003.

11                    **SECTION 12. NURSING FACILITY ALTERNATIVE LOANS - 1999-2001 BIENNIUM -**

12                    **INTEREST RATE ADJUSTMENT.** The Bank of North Dakota and the department of human  
13                    services shall adjust the rate of interest charged on nursing facility alternative loans approved  
14                    during the biennium beginning July 1, 1999, and ending June 30, 2001, to a rate equivalent to  
15                    two percent effective July 1, 2001, taking into consideration any grants approved in conjunction  
16                    with the loan.

17                    **SECTION 13. ADDITIONAL GOVERNMENT NURSING FACILITY FUNDING POOL**

18                    **PAYMENTS - CONTINUING APPROPRIATION - NORTH DAKOTA HEALTH CARE TRUST**

19                    **FUND REPAYMENT.** Any estimated income in excess of the amount appropriated which  
20                    becomes available based on the calculation provided for in section 50-34.4-30 is appropriated  
21                    and may be spent by the department of human services for the purpose of making the  
22                    additional government nursing facility fund pool payments for the biennium beginning July 1,  
23                    2001, and ending June 30, 2003. Any additional state matching funds required are  
24                    appropriated and may be spent from the North Dakota health care trust fund by the department  
25                    of human services for the purpose of making the additional payments for the biennium  
26                    beginning July 1, 2001, and ending June 30, 2003. Any North Dakota health care trust fund  
27                    amounts spent pursuant to this section must be returned to the North Dakota health care trust  
28                    fund within two days.

29                    **SECTION 14. HEALTH CARE TRUST FUND - MINIMUM BALANCE REQUIRED.**

30                    Except for making payments under subsection 3 of section 50-30-02, the state treasurer may  
31                    not allow expenditures or transfers from the health care trust fund that would reduce the

1 unobligated balance in the fund below \$13,000,000 until the director of the department of  
2 human services certifies to the state treasurer that the federal health care financing  
3 administration's claim for the return of \$13,000,000 of the state's first-year payment has been  
4 resolved for the biennium beginning with the effective date of this Act and ending June 30,  
5 2003.

6 **SECTION 15. DEPARTMENT OF HUMAN SERVICES - EMERGENCY RULEMAKING**

7 **AUTHORITY.** Notwithstanding subsection 6 of section 28-32-02, the department of human  
8 services may adopt interim final rules to implement this Act for the period beginning with the  
9 effective date of this Act and ending June 30, 2003. The department shall take appropriate  
10 measures to make the interim final rules known to every person who may be affected by them.  
11 The interim final rules are ineffective one hundred eight days after their declared effective date  
12 unless first adopted as final rules.

13 **SECTION 16. EFFECTIVE DATE.** This Act becomes effective on July 1, 2001.

14 **SECTION 17. EMERGENCY.** This Act is declared to be an emergency measure.