

**Long-Term Care Interim Committee Testimony**  
**Representative Kreidt, Chairman**  
**July 14, 2010**

Chairman Kreidt and members of the Long-Term Care Interim Committee, I am John Bole, Director of the Developmental Disabilities Division (DD) with the Department of Human Services (DHS). I am here today to provide a status report on SB 2423. Specifically the legislation directed the Department of Human Services to "conduct a review of the audit and reimbursement process and a review of and reconsideration of the ninety-five percent occupancy rule." The legislation further directed that the department of human services "provide a report to the sixty-second legislative assembly which includes recommendations or proposed legislation relating to audits and reimbursements of private providers for individuals with developmental disabilities."

The study began with the formation of a workgroup that was comprised of specific provider representation, DHS representation, and North Dakota Association of Community Providers (NDACP) representation. See Attachment A for specific individuals. The initial meeting focused on the two pieces of current legislation that address DD Rate Studies SB 2423 and HB 1556. Follow-up meetings for the SB 2423 workgroup were held in August, September, January, February and March. The first two sessions focused on the details of the bill and lengthy discussion from a variety of perspectives on the merits and questions of the issues under review. A sub workgroup was formed to research the audit question in greater detail including contact with other states to gain a broader perspective on possible approaches to the inquiry. The subgroup reported back in February with six possible scenarios to which the group as a whole added a seventh. The discussion concentrated on a cost/benefit

analysis – the significant question being, “Is it worth it?” One significant point of discussion focused on the timeliness of audits including complimentary comments by the providers present about improvement in the process. The primary conclusion of the February meeting was to communicate the options discussed to Brenda Weisz Department CFO for feedback from her office regarding the viability of the options discussed.

In follow-up to the February meeting, Brenda Weisz and her staff researched the options presented by the workgroup. A meeting was held with Ms. Weisz, DD staff and individuals from provider audit to discuss the options and delineate a design for next steps.

The March meeting highlighted the information gathered by Ms. Weisz, her staff at provider audit. At that meeting it was determined that the next step would best be the issue of a Request for Information (RFI) to gain an understanding of the available services that could address the timing of the audits and the costs associated with an independent audit firm completing the audits of the cost reports rather than Provider Audit. A RFI was chosen rather than a Request for Proposal (RFP) so that the workgroup can report back allowing legislators to decide if they wish for the DHS to RFP the service based on the potential cost. Ms. Weisz also shared that the results of the HB 1556 study will potentially affect the auditing process. If HB 1556 recommends a change in rate setting methodology, then the entire audit process comes under review.

The RFI was issued on June 11, 2010 and the deadline to respond to the RFI was July 12, 2010. The RFI will be reviewed by Fiscal Administration and the results shared. The next workgroup meeting is scheduled for August 12, 2010.

In accordance with the legislation, the workgroup has also addressed the following issues:

1. Is it possible for the division to look at Adult and Children's Intermediate Care Facilities for Persons with Mental Retardation (ICF/MRs) as a whole rather than as separate entities?
2. The reason for and application of the 95% rule. Options have been discussed and internal and external conversations have surfaced possible options.
3. The vast number of variables that play into the absence equation have been analyzed and debated. Everything from family issues to floods play into the discussion.

#### Next Steps

This week, DD will have access to the results of the RFI. The results will be reviewed and shared with the workgroup and will provide the major part of the August agenda. Additional discussion regarding the 95% rule will be the other point of discussion during the August meeting. Results from and recommendations of the workgroup should be finalized at an October meeting.

I would be happy to answer any questions.

## **Attachment A: Workgroup Participants**

Sandy Leyland, Executive Director, Fraser, Inc., Fargo

Sandra Marshall, Chief Executive Officer, Development Homes, Inc.,  
Grand Forks

Eric Monson, Chief Executive Officer, Anne Carlsen Center for Children,  
Jamestown

Mike Remboldt, Chief Executive Officer, HIT, Inc., Mandan

Borgi Beeler, Executive Director, Minot Vocational Adjustment Workshop,  
Minot

Tom Newberger, Executive Director, Red River Human Services  
Foundation, Fargo

Wanda Carlson, Regional Developmental Disabilities Program  
Administrator, Southeast Human Service Center, Fargo

Barbara Murry, Executive Director, North Dakota Association of  
Community Providers

John Bole, Director, Developmental Disabilities Division, DHS

JoAnne Hoesel, Director, Mental Health & Substance Abuse Division, DHS

Brenda Weisz, Chief Financial Officer, DHS

Maggie Anderson, Director, Medical Services Division, DHS

Karen Larson, Developmental Disabilities Division, DHS

Tina Bay, Assistant Director, Developmental Disabilities Division, DHS

Barb Fischer, Medical Services Division, DHS

Robbin Hendrickson, Developmental Disabilities Division, DHS