



CPAs & BUSINESS ADVISORS

# SENATE HUMAN SERVICES COMMITTEE

House Bill 1090, Fair Rental Value

# HISTORICAL PROPERTY RATE SETTING

- Current property rates are set based on accounting standards reporting of depreciation on allowable capital assets and interest on related debt financing
- Building and fixed equipment capital assets are subject to a per bed maximum allowable cost which limits what a facility can invest
- Depreciation on capital assets is calculated based on a straight-line method over an estimated useful life set based on AHA guidelines
- Interest expense is based on the payment terms of the allowable debt and includes the amortization of debt financing costs
- The allowable depreciation and interest are divided by actual cost report year resident days or 90% occupancy days, whichever is higher, to get to the rate per day
- $(\$500,000 \text{ of depreciation} + \$400,000 \text{ of interest expense}) \text{ divided by } 25,000 \text{ days} = \$36 \text{ rate per day}$



# HISTORICAL PROPERTY RATE SETTING

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- Current system provides for high rates in the earlier years after a major project, and decreasing rates as it ages due to short lives of some assets
- Current system only repays facilities for cost of capital projects over future years which discourages renovations as it will always require debt
- Current system does not provide funding to build reserves for future projects which leads to large projects having to be funded with debt which increases overall cost

# PROPOSED FAIR RENTAL VALUE (FRV)

- Property rate would be based on a % return of the fair value of all allowable capital assets to determine the Fair Rent
- Capital asset Fair Value will still be subject to a per bed limit that is based on RS Means cost per square foot multiplied by an allowable square footage per bed license (entire facility space)
- Equipment is limited to \$15,000 per bed license and land and land improvements are limited to 10% of the building limits
- FRV is adjusted annually for depreciation, changes in the effective age and an inflation factor
- Effective age increases annually, but can be decreased by capital renovations made which encourages ongoing maintenance
- The Fair Rent is then divided by actual cost report year days or 90% occupancy days, whichever is higher, to get to the rate per day

# PROPOSED FAIR RENTAL VALUE (FRV)

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- FRV will provide a more stable property rate
  - Early year rates will not be as high as current system, estimated cap is \$62.14 vs \$86 currently the high rate
  - Rate will remain stable over time as long as the facility maintains the buildings
- FRV will provide revenue streams that will help facilities reserve for future projects and encourages renovations over time without having to utilize debt to fund the entire project
- See Attachment 3 for calculation examples of new projects



# FRV FOUR YEAR PHASE IN

- 71 facilities are estimated to see an increase in their property rates due to the transition from historical property rate setting to FRV
- These 71 facilities will see an average estimated impact of \$7 per day increase in total on their rates that will increase the estimated Medicaid spending by \$8,619,000
- FRV proposed rate setting will phase this increase in over 4 years at an estimated cost of \$2,155,000 in each of the fiscal years 2023-2026
- Information is included as Attachment 1

# FRV HOLD HARMLESS

- 8 existing facilities are estimated to have property rates as set under the current property rate rules that will exceed the 1/1/23 FRV rates based on 2020 rate data
- The Medicaid cost for these facilities is already included in the current DHS budget, there is no new money needed to keep them under the current property rate system
- If these 8 facilities were forced to move their rates down to FRV on 1/1/23, it would reduce revenues to them by an estimated \$1,500,000 based on the estimated FRV vs current 2021 property rates, this could lead to debt obligation issues
- Of these 8, 3 are estimate to transition to FRV in year 1 with all but 1 transitioning by year 8
- Missouri Slope will be new in 2021 and is not expected to transition to FRV as the interest rate on the debt is too high
- See information provided in Attachment 2 and 3

# QUESTIONS?

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Thank you for the opportunity to share this information with you.

Bradley W DeJong, CPA

Partner, Director of Senior Living Services

Eide Bailly LLP

Fargo, ND



Attachment 1

| Facility Name                        | 2019 Licensed Beds Per Survey or Otherwise 2018 Beds per State | 2020 Census | Lower Of Actual or Maximum Sq Feet Per Bed | FRV/PPD adjusted for 90% occupancy (fair rent/patient days) | Current Property Rate per Day | Difference per Day | Increase Rate change Medicaid Impact | Property Rate Increases Capped at 25% | Annual Impact |
|--------------------------------------|----------------------------------------------------------------|-------------|--------------------------------------------|-------------------------------------------------------------|-------------------------------|--------------------|--------------------------------------|---------------------------------------|---------------|
| Aneta Parkview Health Center         | 39                                                             | 12,604      | 600.00                                     | \$ 30.59                                                    | \$ 25.88                      | \$ 4.71            | \$ 51,739                            | 1.18                                  | \$ 12,935     |
| Ashley Medical Center                | 40                                                             | 10,884      | 421.13                                     | \$ 16.58                                                    | \$ 10.44                      | \$ 6.14            | \$ 45,558                            | 1.54                                  | \$ 11,390     |
| Augusta Place - a Prospera Commur    | 48                                                             | 17,332      | 848.19                                     | \$ 48.05                                                    | \$ 44.95                      | \$ 3.10            | \$ 31,714                            | 0.78                                  | \$ 7,929      |
| Ave Maria Village                    | 100                                                            | 35,494      | 588.85                                     | \$ 27.83                                                    | \$ 22.68                      | \$ 5.15            | \$ 100,360                           | 1.29                                  | \$ 25,090     |
| Baptist Health Care Center           | 140                                                            | 50,517      | 950.00                                     | \$ 50.51                                                    | \$ 38.88                      | \$ 11.63           | \$ 324,039                           | 2.91                                  | \$ 81,010     |
| Benedictine Living Center of Garriso | 52                                                             | 18,262      | 388.65                                     | \$ 16.91                                                    | \$ 16.34                      | \$ 0.57            | \$ 5,246                             | 0.14                                  | \$ 1,311      |
| Bethany on 42nd                      | 116                                                            | 42,053      | 950.00                                     | \$ 55.89                                                    | \$ 46.52                      | \$ 9.37            | \$ 209,355                           | 2.34                                  | \$ 52,339     |
| Bethany on University                | 172                                                            | 60,599      | 891.84                                     | \$ 51.62                                                    | \$ 41.32                      | \$ 10.30           | \$ 238,460                           | 2.58                                  | \$ 59,615     |
| Bethel Lutheran Nursing & Rehabil    | 150                                                            | 42,625      | 600.00                                     | \$ 22.85                                                    | \$ 10.58                      | \$ 12.27           | \$ 281,841                           | 3.07                                  | \$ 70,460     |
| Dunseith Community Nursing Home      | 30                                                             | 9,218       | 730.53                                     | \$ 22.79                                                    | \$ 8.46                       | \$ 14.33           | \$ 126,587                           | 3.58                                  | \$ 31,647     |
| Elim Care Center                     | 136                                                            | 40,873      | 600.00                                     | \$ 22.85                                                    | \$ 11.07                      | \$ 11.78           | \$ 201,302                           | 2.94                                  | \$ 50,325     |
| Elim Crest Manor                     | 68                                                             | 24,543      | 950.00                                     | \$ 43.47                                                    | \$ 21.09                      | \$ 22.38           | \$ 296,482                           | 5.60                                  | \$ 74,121     |
| Eventide Heartland                   | 82                                                             | 28,561      | 600.00                                     | \$ 33.25                                                    | \$ 29.67                      | \$ 3.58            | \$ 62,096                            | 0.90                                  | \$ 15,524     |
| Eventide Jamestown                   | 115                                                            | 35,832      | 600.00                                     | \$ 30.59                                                    | \$ 22.41                      | \$ 8.18            | \$ 177,334                           | 2.04                                  | \$ 44,334     |
| Fargo Nursing and Rehab Center, LL   | 110                                                            | 23,989      | 700.00                                     | \$ 34.46                                                    | \$ 33.59                      | \$ 0.87            | \$ 12,147                            | 0.22                                  | \$ 3,037      |
| Four Seasons Health Care Center      | 37                                                             | 12,421      | 690.51                                     | \$ 29.77                                                    | \$ 19.77                      | \$ 10.00           | \$ 62,830                            | 2.50                                  | \$ 15,707     |
| Garrison Memorial Hospital Nursing   | 28                                                             | 8,064       | 291.96                                     | \$ 12.06                                                    | \$ 10.86                      | \$ 1.20            | \$ 5,953                             | 0.30                                  | \$ 1,488      |
| Golden Acres Manor                   | 64                                                             | 21,959      | 502.25                                     | \$ 15.44                                                    | \$ 8.17                       | \$ 7.27            | \$ 88,342                            | 1.82                                  | \$ 22,086     |
| Good Samaritan Society Bottineau     | 52                                                             | 15,037      | 826.69                                     | \$ 30.79                                                    | \$ 13.43                      | \$ 17.36           | \$ 136,549                           | 4.34                                  | \$ 34,137     |
| Eventide Devils Lake Care Center     | 48                                                             | 16,573      | 600.00                                     | \$ 14.38                                                    | \$ 6.64                       | \$ 7.74            | \$ 88,146                            | 1.93                                  | \$ 22,037     |
| Good Samaritan Society Lakota        | 38                                                             | 11,959      | 812.32                                     | \$ 30.29                                                    | \$ 14.73                      | \$ 15.56           | \$ 123,747                           | 3.89                                  | \$ 30,937     |
| Good Samaritan Society Larimore      | 42                                                             | 13,310      | 667.07                                     | \$ 29.46                                                    | \$ 17.24                      | \$ 12.22           | \$ 67,782                            | 3.05                                  | \$ 16,946     |
| Good Samaritan Society Mott          | 57                                                             | 16,703      | 597.12                                     | \$ 26.60                                                    | \$ 17.14                      | \$ 9.46            | \$ 88,009                            | 2.37                                  | \$ 22,002     |
| Good Samaritan Society Oakes         | 42                                                             | 13,543      | 654.50                                     | \$ 24.76                                                    | \$ 14.26                      | \$ 10.50           | \$ 78,455                            | 2.62                                  | \$ 19,614     |
| Good Samaritan Society Park River    | 59                                                             | 19,173      | 716.51                                     | \$ 26.93                                                    | \$ 12.52                      | \$ 14.41           | \$ 151,489                           | 3.60                                  | \$ 37,872     |
| Griggs County Care Center            | 54                                                             | 17,272      | 522.91                                     | \$ 20.15                                                    | \$ 14.77                      | \$ 5.38            | \$ 45,066                            | 1.34                                  | \$ 11,266     |
| Heart of America Care Center         | 44                                                             | 13,390      | 600.00                                     | \$ 30.59                                                    | \$ 26.22                      | \$ 4.37            | \$ 35,150                            | 1.09                                  | \$ 8,787      |
| Hill Top Home of Comfort             | 55                                                             | 16,943      | 600.00                                     | \$ 26.72                                                    | \$ 19.71                      | \$ 7.01            | \$ 67,297                            | 1.75                                  | \$ 16,824     |
| Knife River Care Center              | 58                                                             | 20,474      | 559.91                                     | \$ 23.34                                                    | \$ 19.09                      | \$ 4.25            | \$ 48,724                            | 1.06                                  | \$ 12,181     |
| Luther Memorial Home                 | 86                                                             | 30,888      | 702.29                                     | \$ 32.35                                                    | \$ 29.68                      | \$ 2.67            | \$ 52,549                            | 0.67                                  | \$ 13,137     |
| Lutheran Home of the Good Shephe     | 99                                                             | 30,694      | 600.00                                     | \$ 18.98                                                    | \$ 7.85                       | \$ 11.13           | \$ 153,425                           | 2.78                                  | \$ 38,356     |
| Lutheran Sunset Home                 | 75                                                             | 20,152      | 533.33                                     | \$ 27.47                                                    | \$ 25.19                      | \$ 2.28            | \$ 22,090                            | 0.57                                  | \$ 5,523      |
|                                      | 91                                                             | 31,344      | 614.45                                     | \$ 22.27                                                    | \$ 11.25                      | \$ 11.02           | \$ 178,033                           | 2.76                                  | \$ 44,508     |

|                                     |     |        |        |    |       |    |       |    |       |    |         |    |      |    |         |
|-------------------------------------|-----|--------|--------|----|-------|----|-------|----|-------|----|---------|----|------|----|---------|
| Maple Manor Care Center             | 63  | 16,102 | 800.00 | \$ | 44.16 | \$ | 41.53 | \$ | 2.63  | \$ | 20,028  | \$ | 0.66 | \$ | 5,007   |
| Marian Manor Healthcare Center      | 72  | 23,307 | 822.83 | \$ | 25.49 | \$ | 9.59  | \$ | 15.90 | \$ | 205,823 | \$ | 3.97 | \$ | 51,456  |
| Maryhill Manor                      | 48  | 15,672 | 676.29 | \$ | 34.15 | \$ | 23.41 | \$ | 10.74 | \$ | 109,634 | \$ | 2.69 | \$ | 27,408  |
| Missouri Slope Lutheran Care Center | 250 | 84,253 | 675.94 | \$ | 33.27 | \$ | 20.98 | \$ | 12.29 | \$ | 585,208 | \$ | 3.07 | \$ | 146,302 |
| Mountain Bethel Home                | 48  | 10,681 | 600.00 | \$ | 30.59 | \$ | 22.36 | \$ | 8.23  | \$ | 29,527  | \$ | 2.06 | \$ | 7,382   |
| Napoleon Care Center                | 36  | 11,249 | 641.72 | \$ | 32.54 | \$ | 29.04 | \$ | 3.50  | \$ | 20,019  | \$ | 0.87 | \$ | 5,005   |
| Nelson County Health System Care (  | 39  | 13,388 | 513.21 | \$ | 15.74 | \$ | 8.36  | \$ | 7.38  | \$ | 60,399  | \$ | 1.84 | \$ | 15,100  |
| North Dakota Veterans Home          | 52  | 17,540 | 700.00 | \$ | 33.56 | \$ | 31.64 | \$ | 1.92  | \$ | 14,495  | \$ | 0.48 | \$ | 3,624   |
| Northwood Deaconess Health Center   | 45  | 13,566 | 600.00 | \$ | 30.59 | \$ | 22.55 | \$ | 8.04  | \$ | 62,110  | \$ | 2.01 | \$ | 15,527  |
| Parkside Lutheran Home              | 38  | 12,742 | 881.34 | \$ | 42.84 | \$ | 21.24 | \$ | 21.60 | \$ | 148,747 | \$ | 5.40 | \$ | 37,187  |
| Prince of Peace Care Center         | 53  | 12,910 | 457.36 | \$ | 11.78 | \$ | 6.50  | \$ | 5.28  | \$ | 44,613  | \$ | 1.32 | \$ | 11,153  |
| Riolette Community Care Center      | 40  | 14,092 | 800.00 | \$ | 46.63 | \$ | 43.39 | \$ | 3.24  | \$ | 39,843  | \$ | 0.81 | \$ | 9,961   |
| Rosewood on Broadway                | 125 | 43,152 | 786.24 | \$ | 42.10 | \$ | 37.88 | \$ | 4.22  | \$ | 92,978  | \$ | 1.06 | \$ | 23,245  |
| Sanford Hillsboro                   | 30  | 10,915 | 691.47 | \$ | 39.43 | \$ | 39.00 | \$ | 0.43  | \$ | 3,258   | \$ | 0.11 | \$ | 814     |
| Sheyenne Care Center                | 170 | 48,628 | 807.52 | \$ | 40.28 | \$ | 27.76 | \$ | 12.52 | \$ | 400,220 | \$ | 3.13 | \$ | 100,055 |
| Sheyenne Crossings Care Center/TC   | 64  | 22,510 | 700.00 | \$ | 37.09 | \$ | 36.47 | \$ | 0.62  | \$ | 4,355   | \$ | 0.16 | \$ | 1,089   |
| Souris Valley Care Center           | 50  | 14,377 | 417.28 | \$ | 16.45 | \$ | 10.41 | \$ | 6.04  | \$ | 47,818  | \$ | 1.51 | \$ | 11,955  |
| Southwest Healthcare Services       | 40  | 12,962 | 600.00 | \$ | 30.59 | \$ | 20.34 | \$ | 10.25 | \$ | 72,651  | \$ | 2.56 | \$ | 18,163  |
| St Vincent's - a Prospera Community | 101 | 36,141 | 762.68 | \$ | 30.63 | \$ | 16.89 | \$ | 13.74 | \$ | 287,690 | \$ | 3.44 | \$ | 71,923  |
| St. Aloisius Medical Center         | 80  | 25,038 | 786.11 | \$ | 44.24 | \$ | 38.94 | \$ | 5.30  | \$ | 85,351  | \$ | 1.32 | \$ | 21,338  |
| St. Benedict's Health Center        | 124 | 40,005 | 529.27 | \$ | 20.37 | \$ | 10.49 | \$ | 9.88  | \$ | 209,721 | \$ | 2.47 | \$ | 52,430  |
| St. Catherine's Living Center       | 52  | 16,565 | 766.77 | \$ | 38.38 | \$ | 20.43 | \$ | 17.95 | \$ | 161,477 | \$ | 4.49 | \$ | 40,369  |
| St. Gerard's Nursing Home           | 35  | 11,172 | 950.00 | \$ | 36.86 | \$ | 10.43 | \$ | 26.43 | \$ | 139,888 | \$ | 6.61 | \$ | 34,972  |
| St. Luke's Home                     | 88  | 30,805 | 950.00 | \$ | 57.88 | \$ | 47.29 | \$ | 10.59 | \$ | 162,301 | \$ | 2.65 | \$ | 40,575  |
| St. Luke's Sunrise Care Center      | 40  | 11,435 | 600.00 | \$ | 26.72 | \$ | 15.06 | \$ | 11.66 | \$ | 50,526  | \$ | 2.91 | \$ | 12,631  |
| St. Rose Care Center                | 44  | 13,758 | 410.84 | \$ | 10.69 | \$ | 6.43  | \$ | 4.26  | \$ | 28,337  | \$ | 1.07 | \$ | 7,084   |
| Strasburg Nursing Home              | 55  | 17,924 | 754.00 | \$ | 23.48 | \$ | 7.37  | \$ | 16.11 | \$ | 191,537 | \$ | 4.03 | \$ | 47,884  |
| Sunset Drive - a Prospera Community | 128 | 44,785 | 633.05 | \$ | 30.17 | \$ | 25.20 | \$ | 4.97  | \$ | 144,758 | \$ | 1.24 | \$ | 36,189  |
| Tioga Medical Center LTC            | 30  | 9,380  | 417.03 | \$ | 22.04 | \$ | 22.03 | \$ | 0.01  | \$ | 132     | \$ | 0.00 | \$ | 33      |
| Towner County Living Center         | 30  | 9,837  | 600.00 | \$ | 30.59 | \$ | 24.35 | \$ | 6.24  | \$ | 21,848  | \$ | 1.56 | \$ | 5,462   |
| Tri-County Retirement and Nursing   | 39  | 12,991 | 950.00 | \$ | 48.07 | \$ | 21.05 | \$ | 27.02 | \$ | 184,594 | \$ | 6.76 | \$ | 46,148  |
| Trinity Homes                       | 230 | 69,416 | 811.07 | \$ | 30.24 | \$ | 12.23 | \$ | 18.01 | \$ | 800,091 | \$ | 4.50 | \$ | 200,023 |
| Villa Maria Health Care             | 120 | 43,701 | 632.32 | \$ | 25.62 | \$ | 15.92 | \$ | 9.70  | \$ | 228,689 | \$ | 2.43 | \$ | 57,172  |
| Wedgewood Manor                     | 50  | 13,619 | 600.00 | \$ | 22.85 | \$ | 12.31 | \$ | 10.54 | \$ | 70,421  | \$ | 2.63 | \$ | 17,605  |
| Western Horizons Care Center        | 45  | 14,732 | 592.38 | \$ | 22.58 | \$ | 10.45 | \$ | 12.13 | \$ | 112,389 | \$ | 3.03 | \$ | 28,097  |
| Wishek Living Center                | 60  | 18,784 | 600.00 | \$ | 18.98 | \$ | 7.72  | \$ | 11.26 | \$ | 99,019  | \$ | 2.81 | \$ | 24,755  |
| Woodside Village                    | 138 | 48,887 | 674.29 | \$ | 35.57 | \$ | 34.61 | \$ | 0.96  | \$ | 21,549  | \$ | 0.24 | \$ | 5,387   |

5,891 1,897,153

\$ 33.08 \$ 25.64 \$ 7.44

\$ 8,619,942

\$ 2,154,985

| Facility Name                        | 2019 Licensed Beds Per Survey or Otherwise | 2018 Beds per State | 2020 Census | Lower Of Actual or Maximum Sq Feet Per Bed | FRV/PPD adjusted for 90% occupancy (fair rent/patient days) | Current Property Rate per Day | Difference per Day | Annual Hold Harmless Medicaid Impact (difference/day times medicaid days) |
|--------------------------------------|--------------------------------------------|---------------------|-------------|--------------------------------------------|-------------------------------------------------------------|-------------------------------|--------------------|---------------------------------------------------------------------------|
| Eventide Fargo                       | 98                                         | 34,282              | 950.00      | \$                                         | 61.42                                                       | \$ 67.60                      | \$ (6.18)          | \$ (90,775)                                                               |
| McKenzie County Healthcare System    | 47                                         | 13,887              | 782.55      | \$                                         | 51.95                                                       | \$ 80.00                      | \$ (28.05)         | \$ (169,360)                                                              |
| Miller Pointe - a Prospera Community | 120                                        | 42,592              | 841.49      | \$                                         | 48.52                                                       | \$ 54.25                      | \$ (5.73)          | \$ (159,141)                                                              |
| Minot Health and Rehab LLC           | 114                                        | 21,904              | 377.72      | \$                                         | 20.20                                                       | \$ 27.09                      | \$ (6.89)          | \$ (69,891)                                                               |
| Pemblier Nursing Center              | 37                                         | 12,996              | 600.97      | \$                                         | 32.27                                                       | \$ 37.97                      | \$ (5.70)          | \$ (30,087)                                                               |
| Richardson Health Center Inc         | 28                                         | 9,590               | 584.46      | \$                                         | 38.06                                                       | \$ 65.54                      | \$ (27.48)         | \$ (182,092)                                                              |
| St. Gabriel's Community              | 72                                         | 25,544              | 800.00      | \$                                         | 46.30                                                       | \$ 49.05                      | \$ (2.75)          | \$ (34,972)                                                               |
| Valley Eldercare Center              | 196                                        | 66,052              | 661.89      | \$                                         | 36.76                                                       | \$ 38.33                      | \$ (1.57)          | \$ (62,870)                                                               |
| <hr/>                                |                                            |                     |             |                                            |                                                             |                               |                    |                                                                           |
|                                      | 5,891                                      | 1,897,153           |             |                                            |                                                             |                               |                    | \$ (799,188)                                                              |





## Estimated New Project with Full Replacement of a 100 Bed Facility

| 2.5% Project Loan at 100% of Cost |                 |                   |
|-----------------------------------|-----------------|-------------------|
| Year                              | Historical Rate | Fair Rental Value |
| 1                                 | \$ 54.21        | \$ 62.14          |
| 2                                 | 53.71           | 62.20             |
| 3                                 | 53.20           | 62.23             |
| 4                                 | 52.05           | 62.24             |
| 5                                 | 51.51           | 62.23             |
| 6                                 | 48.32           | 62.19             |
| 7                                 | 47.76           | 62.13             |
| 8                                 | 47.18           | 62.03             |
| 9                                 | 46.58           | 61.91             |
| 10                                | 45.97           | 61.76             |
| 11                                | 39.47           | 61.58             |
| 12                                | 38.83           | 61.36             |
| 13                                | 38.17           | 61.12             |
| 14                                | 37.50           | 60.84             |
| 15                                | 36.81           | 60.52             |

| 2.5% Project Loan at 95% of Cost |                 |                   |
|----------------------------------|-----------------|-------------------|
| Year                             | Historical Rate | Fair Rental Value |
| 1                                | \$ 53.13        | \$ 62.14          |
| 2                                | 52.66           | 62.20             |
| 3                                | 52.17           | 62.23             |
| 4                                | 51.05           | 62.24             |
| 5                                | 50.53           | 62.23             |
| 6                                | 47.38           | 62.19             |
| 7                                | 46.84           | 62.13             |
| 8                                | 46.29           | 62.03             |
| 9                                | 45.72           | 61.91             |
| 10                               | 45.14           | 61.76             |
| 11                               | 38.67           | 61.58             |
| 12                               | 38.06           | 61.36             |
| 13                               | 37.44           | 61.12             |
| 14                               | 36.80           | 60.84             |
| 15                               | 36.14           | 60.52             |

| 5% Project Loan at 100% of Cost |          |                   |          |
|---------------------------------|----------|-------------------|----------|
| Historical Rate                 | Estimate | Fair Rental Value | Estimate |
|                                 | \$ 75.94 | \$                | 62.14    |
|                                 | 75.29    |                   | 62.20    |
|                                 | 74.59    |                   | 62.23    |
|                                 | 73.24    |                   | 62.24    |
|                                 | 72.48    |                   | 62.23    |
|                                 | 69.04    |                   | 62.19    |
|                                 | 68.20    |                   | 62.13    |
|                                 | 67.31    |                   | 62.03    |
|                                 | 66.37    |                   | 61.91    |
|                                 | 65.39    |                   | 61.76    |
|                                 | 58.49    |                   | 61.58    |
|                                 | 57.41    |                   | 61.36    |
|                                 | 56.27    |                   | 61.12    |
|                                 | 55.07    |                   | 60.84    |
|                                 | 53.81    |                   | 60.52    |

| 5% Project Loan at 95% of Cost |             |          |       |
|--------------------------------|-------------|----------|-------|
| Historical Rate                | Calculation | Estimate |       |
|                                |             | \$       | 73.78 |
|                                |             |          |       |
|                                |             |          | 73.15 |
|                                |             |          | 72.50 |
|                                |             |          | 71.18 |
|                                |             |          | 70.45 |
|                                |             |          | 67.06 |
|                                |             |          | 66.25 |
|                                |             |          | 65.41 |
|                                |             |          | 64.52 |
|                                |             |          | 63.59 |
|                                |             |          | 56.74 |
|                                |             |          | 55.71 |
|                                |             |          | 54.63 |
|                                |             |          | 53.49 |
|                                |             |          | 52.29 |
|                                |             |          |       |
|                                |             |          | 60.52 |

| 6.5% Project Loan at 100% of Cost |                   |          |       |
|-----------------------------------|-------------------|----------|-------|
| Historical Rate                   | Calculation       | Estimate | \$    |
|                                   | Fair Rental Value | Estimate | \$    |
|                                   |                   |          | 62.14 |
|                                   |                   |          | 88.38 |
|                                   |                   |          | 87.68 |
|                                   |                   |          | 86.31 |
|                                   |                   |          | 85.52 |
|                                   |                   |          | 82.04 |
|                                   |                   |          | 81.14 |
|                                   |                   |          | 80.17 |
|                                   |                   |          | 79.15 |
|                                   |                   |          | 78.05 |
|                                   |                   |          | 71.01 |
|                                   |                   |          | 69.76 |
|                                   |                   |          | 68.43 |
|                                   |                   |          | 67.01 |
|                                   |                   |          | 65.49 |
|                                   |                   |          | 60.52 |

| 6.5% Project Loan at 95% of Cost |                  |          |    |
|----------------------------------|------------------|----------|----|
| Historical Rate                  | Calculation      | Estimate | \$ |
| Fair Rental Value                | Rate Calculation | Estimate | \$ |
| 62.14                            | 62.20            | 62.14    |    |
| 85.59                            | 84.93            | 62.23    |    |
| 86.21                            | 83.60            | 62.24    |    |
|                                  | 82.84            | 62.23    |    |
|                                  | 79.41            | 62.19    |    |
|                                  | 78.55            | 62.13    |    |
|                                  | 77.63            | 62.03    |    |
|                                  | 76.66            | 61.91    |    |
|                                  | 75.62            | 61.76    |    |
|                                  | 68.63            | 61.58    |    |
|                                  | 67.45            | 61.36    |    |
|                                  | 66.18            | 61.12    |    |
|                                  | 64.83            | 60.84    |    |
|                                  | 63.39            | 60.52    |    |

Specific Facility Holdharmless Estimates  
- assumes zero new capital expenditure for both sides of the calculation

| Missouri Slope, 6.625% Int Rate |                 |             |                   | Richardton, 3.5% Int Rate |                 |             |                   | Miller Point, 3.0% Int Rate |                 |             |                   |
|---------------------------------|-----------------|-------------|-------------------|---------------------------|-----------------|-------------|-------------------|-----------------------------|-----------------|-------------|-------------------|
| Year                            | Historical Rate | Calculation | Fair Rental Value | Year                      | Historical Rate | Calculation | Fair Rental Value | Year                        | Historical Rate | Calculation | Fair Rental Value |
| 1                               | \$ 109.42       | Estimate    | \$ 62.43          | 1                         | \$ 61.71        | Estimate    | \$ 36.04          | 1                           | \$ 50.01        | Estimate    | \$ 50.53          |
| 2                               | 109.28          |             | 62.49             | 2                         | 60.77           |             | 36.00             | 2                           | 40.76           |             | 50.48             |
| 3                               | 108.67          |             | 62.54             | 3                         | 60.04           |             | 35.95             | 3                           | 39.51           |             | 50.41             |
| 4                               | 107.12          |             | 62.55             | 4                         | 59.29           |             | 35.88             | 4                           | 39.01           |             | 50.32             |
| 5                               | 106.43          |             | 62.54             | 5                         | 58.17           |             | 35.79             | 5                           | 38.40           |             | 50.20             |
| 6                               | 101.93          |             | 62.51             | 6                         | 37.93           |             | 35.69             | 6                           | 37.71           |             | 50.06             |
| 7                               | 101.14          |             | 62.45             | 7                         | 37.09           |             | 35.57             | 7                           | 33.86           |             | 49.89             |
| 8                               | 100.30          |             | 62.37             | 8                         | 35.31           |             | 35.42             | 8                           | 33.07           |             | 49.69             |
| 9                               | 99.40           |             | 62.25             | 9                         | 34.53           |             | 35.26             | 9                           | 32.55           |             | 49.47             |
| 10                              | 98.43           |             | 62.11             | 10                        | 33.79           |             | 35.08             | 10                          | 32.07           |             | 49.22             |
| 11                              | 89.72           |             | 61.93             | 11                        | 29.83           |             | 34.88             | 11                          | 25.23           |             | 48.94             |
| 12                              | 88.62           |             | 61.73             | 12                        | 29.07           |             | 34.65             | 12                          | 24.16           |             | 48.63             |
| 13                              | 87.45           |             | 61.49             | 13                        | 28.26           |             | 34.40             | 13                          | 23.66           |             | 48.28             |
| 14                              | 86.20           |             | 61.21             | 14                        | 27.44           |             | 34.13             | 14                          | 23.15           |             | 47.90             |
| 15                              | 84.87           |             | 60.90             | 15                        | 26.60           |             | 33.83             | 15                          | 22.62           |             | 47.49             |
| St Gabriel's,                   |                 |             |                   | Eventide                  |                 |             |                   | Mckenzie County             |                 |             |                   |
| Year                            | Historical Rate | Calculation | Fair Rental Value | Year                      | Historical Rate | Calculation | Fair Rental Value | Year                        | Historical Rate | Calculation | Fair Rental Value |
| 1                               | \$ 47.26        | Estimate    | \$ 40.36          | 1                         | \$ 55.81        | Estimate    | \$ 56.62          | 1                           | \$ 86.10        | Estimate    | \$ 47.60          |
| 2                               | 46.13           |             | 40.24             | 2                         | 54.16           |             | 56.57             | 2                           | 85.59           |             | 47.57             |
| 3                               | 44.53           |             | 40.11             | 3                         | 52.98           |             | 56.49             | 3                           | 79.56           |             | 47.53             |
| 4                               | 42.62           |             | 39.95             | 4                         | 50.95           |             | 56.38             | 4                           | 79.02           |             | 47.46             |
| 5                               | 41.42           |             | 39.77             | 5                         | 46.01           |             | 56.25             | 5                           | 78.41           |             | 47.37             |
| 6                               | 38.72           |             | 39.57             | 6                         | 44.75           |             | 56.09             | 6                           | 76.12           |             | 47.26             |
| 7                               | 37.23           |             | 39.34             | 7                         | 43.27           |             | 55.91             | 7                           | 75.55           |             | 47.12             |
| 8                               | 31.29           |             | 39.09             | 8                         | 42.05           |             | 55.69             | 8                           | 72.59           |             | 46.96             |
| 9                               | 29.75           |             | 38.81             | 9                         | 39.90           |             | 55.44             | 9                           | 62.59           |             | 46.78             |
| 10                              | 27.49           |             | 38.50             | 10                        | 35.06           |             | 55.16             | 10                          | 61.99           |             | 46.57             |
| 11                              | 25.68           |             | 38.17             | 11                        | 33.72           |             | 54.85             | 11                          | 59.35           |             | 46.33             |
| 12                              | 24.21           |             | 37.81             | 12                        | 32.28           |             | 54.50             | 12                          | 58.72           |             | 46.07             |
| 13                              | 22.66           |             | 37.42             | 13                        | 30.78           |             | 54.11             | 13                          | 58.08           |             | 45.77             |
| 14                              | 21.04           |             | 37.00             | 14                        | 29.11           |             | 53.69             | 14                          | 49.48           |             | 45.45             |
| 15                              | 19.33           |             | 36.54             | 15                        | 26.90           |             | 53.23             | 15                          | 48.13           |             | 45.09             |
| Valley Senior                   |                 |             |                   | Valley Senior             |                 |             |                   | Valley Senior               |                 |             |                   |
| Year                            | Historical Rate | Calculation | Fair Rental Value | Year                      | Historical Rate | Calculation | Fair Rental Value | Year                        | Historical Rate | Calculation | Fair Rental Value |
| 1                               | \$ 33.89        | Estimate    | \$ 39.55          | 1                         | \$ 33.89        | Estimate    | \$ 39.55          | 1                           | \$ 33.89        | Estimate    | \$ 39.55          |
| 2                               | 29.70           |             | 39.49             | 2                         | 29.70           |             | 39.42             | 2                           | 29.70           |             | 39.42             |
| 3                               | 24.02           |             | 39.42             | 3                         | 24.02           |             | 39.32             | 3                           | 24.02           |             | 39.32             |
| 4                               | 21.44           |             | 39.32             | 4                         | 21.44           |             | 39.21             | 4                           | 21.44           |             | 39.21             |
| 5                               | 19.36           |             | 39.21             | 5                         | 19.36           |             | 39.07             | 5                           | 19.36           |             | 39.07             |
| 6                               | 16.81           |             | 39.07             | 6                         | 16.81           |             | 38.92             | 6                           | 16.81           |             | 38.92             |
| 7                               | 15.47           |             | 38.92             | 7                         | 15.47           |             | 38.74             | 7                           | 15.47           |             | 38.74             |
| 8                               | 13.96           |             | 38.74             | 8                         | 13.96           |             | 38.55             | 8                           | 13.96           |             | 38.55             |
| 9                               | 12.48           |             | 38.55             | 9                         | 12.48           |             | 38.32             | 9                           | 12.48           |             | 38.32             |
| 10                              | 9.89            |             | 38.32             | 10                        | 9.89            |             | 38.08             | 10                          | 9.89            |             | 38.08             |
| 11                              | 8.37            |             | 38.08             | 11                        | 8.37            |             | 37.80             | 11                          | 8.37            |             | 37.80             |
| 12                              | 7.68            |             | 37.80             | 12                        | 7.68            |             | 37.51             | 12                          | 7.68            |             | 37.51             |
| 13                              | 6.56            |             | 37.51             | 13                        | 6.56            |             | 37.18             | 13                          | 6.56            |             | 37.18             |
| 14                              | 4.98            |             | 37.18             | 14                        | 4.98            |             | 36.83             | 14                          | 4.98            |             | 36.83             |
| 15                              | 3.36            |             | 36.83             | 15                        | 3.36            |             |                   | 15                          | 3.36            |             |                   |