

**Public Testimony on SB 2012**  
**House Appropriations – Human Resource Division**  
**March 22, 2023**

Good afternoon, Chairman Nelson and members of the House Appropriations Human Resource Division. Thank you for the opportunity to testify on SB 2012. My name is Shelly Peterson, President of the North Dakota Long Term Care Association. We represent 192 assisted living, basic care, and skilled nursing facilities in North Dakota. I am here to testify in support of SB 2012 and ask for your consideration of some additional dollars.

Thank you for your support in the current biennium. Two years ago, DHHS and our Association asked for your support to implement a new nursing facility payment system. You provided the funding, as well as went one step further. You provided us the CMS inflator, as well as the 2% and .25% inflator provided to all Medicaid providers. That helped us tremendously, as the pandemic and workforce crisis has devastated many providers. Let me share with you what is occurring.

Our new payment system was not equipped to withstand a pandemic, record inflation in 2022, and a loss of over 15% of our workforce. Many of our facilities continue to struggle. Five nursing facilities and two basic care facilities closed during the pandemic. Two critical access hospitals have announced they are closing their nursing facilities in 2024 and will only operate as a hospital. If we are unable to stabilize our operations, more facilities may close.

What I understand is in the budget is funding to continue the new pricing model and fair rental system. One of the most important features of the system will be rebasing of our rates on 1-1-24, which will be based on our June 20, 2023 cost report. Without that important feature, the payment system would fail. When you come back in 2025, that will undoubtedly be a top priority for us. Thank goodness it is in the budget and I hope you will continue to support it. I will review the nursing facility attachments before going on to basic care.

For our basic care members, they need some extra help this session. The past two years have been very difficult for them. Two basic care facilities have closed since July 2022.

SB 2283 relating to the basic care payment system was heard in House Human Services on March 8th. Based on the recommendations on a DHHS and North Dakota Long Term Care Association study on basic care, we are requesting additional dollars to improve their payment system, (SB 2283 is intertwined with SB 2012). SB 2012 provides the base funding for basic care but the funding for rebasing and inflationary adjustments was taken out of SB 2012 and put into SB 2283.

In 2022 basic care providers received an inflator of .25%, a period when we had record inflation of 9%. Basic care is underfunded and has been for the past seven years.

When SB 2283 is re-referred to you we urge your support of rebasing, appropriate inflationary adjustments and most important one-time funding of \$10 per day in their July 1, 2023 rates and carried over in 2024 and then it is terminated. This funding is necessary to make basic care viable and able to care for residents. I have a few attachments on basic care that best describe what is occurring.

One final word on behalf of our residents in nursing facilities and basic care facilities. SB 2012 provides for an increase in the personal needs allowance for residents. This money is used for such items as a cellphone, to stay in communication with family members, cable TV, which was considered a luxury when the payment system was built in 1989 and DHHS rules require residents pay for, special hair care, including perms and color, clothing, shoes, and small gifts you still want to give grandchildren.

SB 2012 provides an increase of \$35 per month, which would give nursing facility residents \$100 per month and basic care residents \$135 per month. The personal needs allowance for nursing facility residents has not been increased for 10 years and we are asking that you keep that intact in SB 2012.

In summary, thank you for your support and continued hard work. You have a monumental task ahead of you and we know you will do what is best for our vulnerable residents that depend on this support.

I would be happy to answer any questions.

Shelly Peterson, President  
North Dakota Long Term Care Association

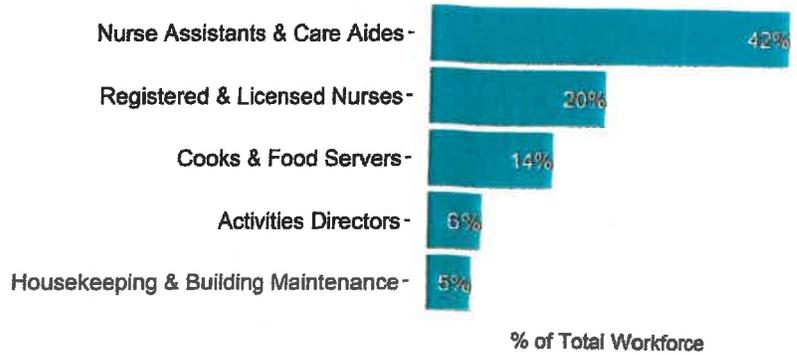
# Nursing Facility Attachments



## Skilled Nursing Workforce

# 7,205 Employees

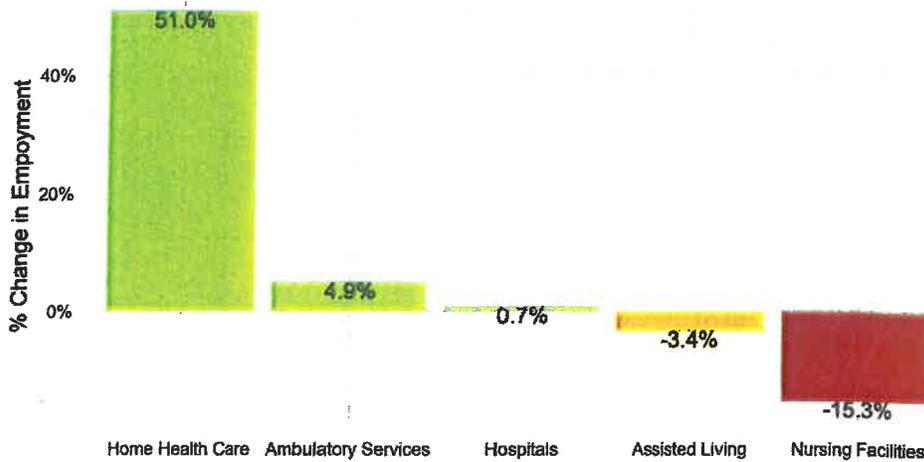
### Top 5 Occupations



## Impact of COVID

While some health care industries have reached or surpassed pre-pandemic staffing levels, long term care facilities are still experiencing substantial job losses alongside rising wage costs and increasing agency staff use.

Percent Change in Employment by Health Care Sector  
Feb 2020 - Jun 2022



**10.4%**  
Increase in Average Weekly  
Wage: Mar'20 - Jun'22

**2.1x**  
Increase in Agency Nurse Staff  
Hours: Q4'19 - Q2'22

Sources: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (Jun 2022) and Occupational Employment and Wage Statistics (May 2021) for NAICS Industries 623 and 6231. CMS Payroll Based Journal (2019-2022)

Long Term Care Facility Closures  
Updated January 2023

City	Facility	NF Beds	BC Beds	Close Date
Bismarck	CHI St. Alexius Health - TCU	19		July 2022 *
Bowman	Southwest Healthcare Services	34		December 2021
Bowman	Southwest Healthcare Services		16	Dec-22
Crosby	St. Luke's Sunrise Care Center	35		September 2021
Devils Lake	Eventide Devils Lake (closed 1 of 2 NF)	48		January 2021
Mott	GSS - Mott	42		June 2022
Northwood	Northwood Deaconess health Center	32		2024
Rugby	Heart of America	33		2024
Wilton	Redwood Village		16	July 2022
		<b>243</b>	<b>16</b>	<b>32</b>

\*Temporarily Closed - Has the option to re-open by 04-01-2023

# Nursing Facility Facts

## Nursing Facility WORKFORCE



- The top issue facing nursing facilities is workforce.
- In July 2022, the midpoint CNA wage was \$19.71.
- 50% of nursing facilities stopped admissions in 2022 because of lack of staff.
- 90% of nursing facilities used contract agency staff in 2022.
- During the pandemic nursing facilities lost 15.3% of their staff and they have not returned.

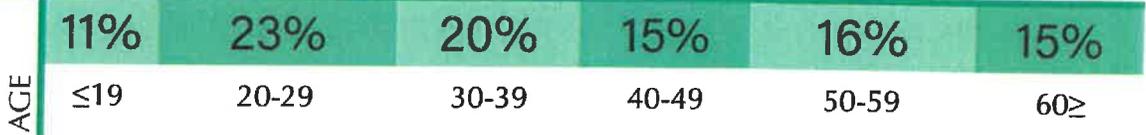


- In the past year, contract nursing costs have more than doubled from the previous 12 months, spending \$63.8 million compared to \$28.8 million.
- Thirty-one percent of the workforce is age 50 or older, with the oldest employee being 90.
- During the pandemic, five nursing facilities closed and 60% of those remaining are operating at a loss.

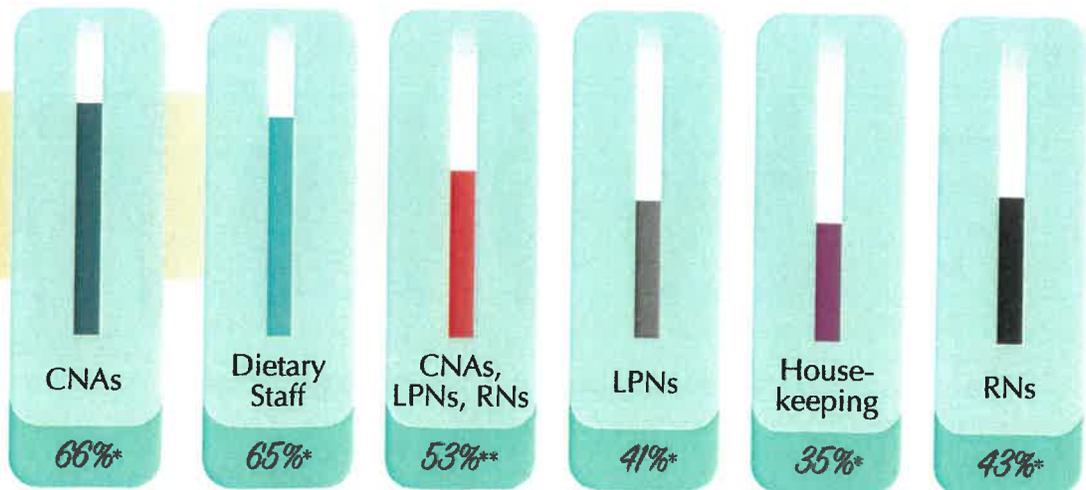


### Age of Nursing Facility Workforce

n=5677



### 2022 Nursing Facility Staff Turnover



\*NDLTCA Survey  
\*\*CMS PBJ Reporting

# Nursing Facilities

## North Dakota is ranking high Resident Satisfaction

Item	Rating Value	North Dakota	United States
Overall Satisfaction	4 & 5	89%	75%
Nursing Care	4 & 5	92%	82%
Cleanliness	4 & 5	96%	86%
Dignity & Respect	4 & 5	96%	89%
Recommend to Others	4 & 5	93%	80%
Safety & Security	4 & 5	97%	91%
Individual Needs	4 & 5	92%	80%

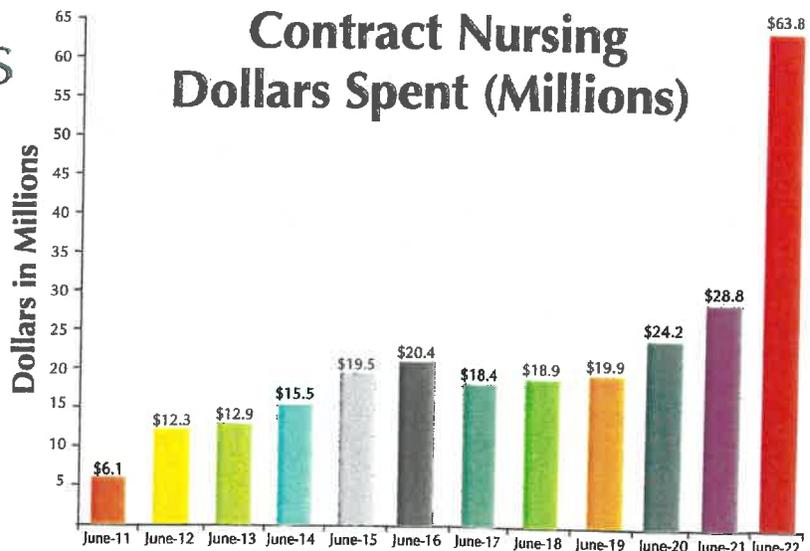


CMS tracks the hours worked by different types of staff in nursing facilities. These hours are used to calculate a ratio of staffing hours per resident per day. Hours per resident per day indicate the average amount of time staff are available to spend with each resident per day.

- ND Nurse hours per day 4.66
- US Nurse hours per day 3.77

## Contract Nursing IN NURSING FACILITIES

When facilities face staffing shortages, one option is to use contract staff to provide daily resident care. In the past 11 years, the amount spent on contract nursing has increased over 400%.



# Basic Care Attachments

# Average Annual Cost by Type of Service in LTC Continuum (Analysis of Sept 2022 claims data)



xxx = Number of recipients (Sept 2022)

Eligibility criteria evaluate both a person's functional and financial needs.

- Ex-SPED is the in-home alternative to Basic Care
- HCBS waiver and MSP-PC are in-home alternatives to Nursing Homes
- SPED assists people with higher asset levels (up to \$50,000)

# Basic Care Facts

## Basic Care COST

Almost half of the residents living in basic care need assistance to pay for their care. The average basic care assistance rate on July 1, 2022 was \$137.56 per day. The average cost for providing care is \$146.25, so for each resident served, the facility is losing almost \$9.00 per day.

Almost half of all basic care facilities are operating at a loss, with 35% indicating they get few applicants for numerous open positions and feel they are in a continuing workforce crisis.



**Does LTC Insurance pay in Basic Care Facilities?** \*11% of residents have LTC insurance that helps pay for their care. n=798



Continued losses of the *past 7 years* are making it almost impossible to care for the residents with B-Cap (state assistance) as a payment source.

### Basic Care Average Costs and State Reimbursement Rates

\$	SFY 2016	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022
<b>Average Cost</b>	\$116.12	\$117.26	\$121.64	\$130.52	\$124.52	\$133.92	\$146.25
<b>Average Rate</b>	\$107.88	\$111.60	\$117.13	\$123.80	\$122.83	\$129.12	\$137.56
<b>Difference</b>	-\$8.24	-\$5.66	-\$4.51	-\$6.72	-\$1.69	-\$4.80	-\$8.69

# Basic Care Facts



## BASIC CARE AT A GLANCE

**65** licensed basic care facilities

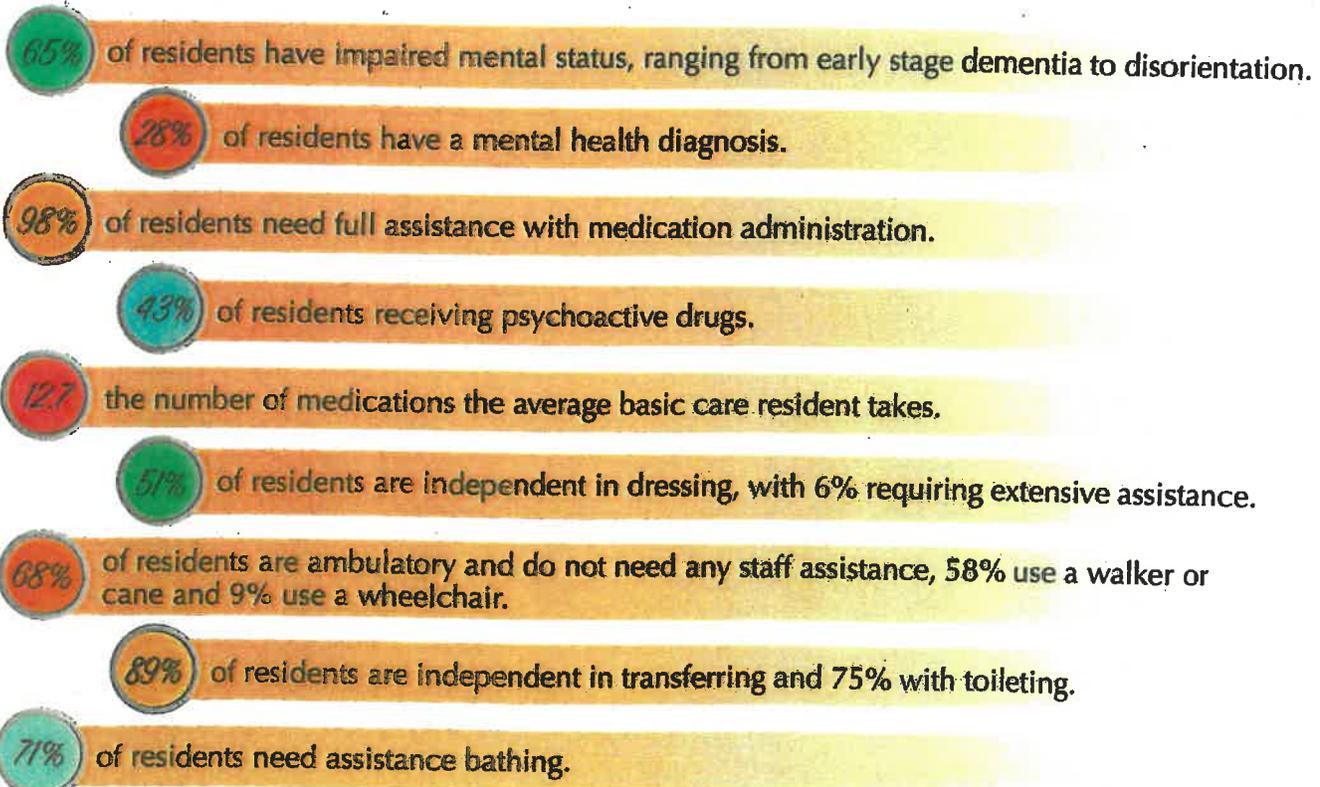
**2,105** licensed units

2022 average occupancy was **72%**

## Basic Care Facts

- A basic care facility is a congregate residential setting with private and semi-private rooms, providing 24-hour staffing.
- Basic Care provides an all-inclusive rate providing room, meals, personal care services, supervision, activities, transportation, medication administration, nursing assessment, and care planning.
- Current residents range in age from 33 to 110 years old, with the average age being 81.

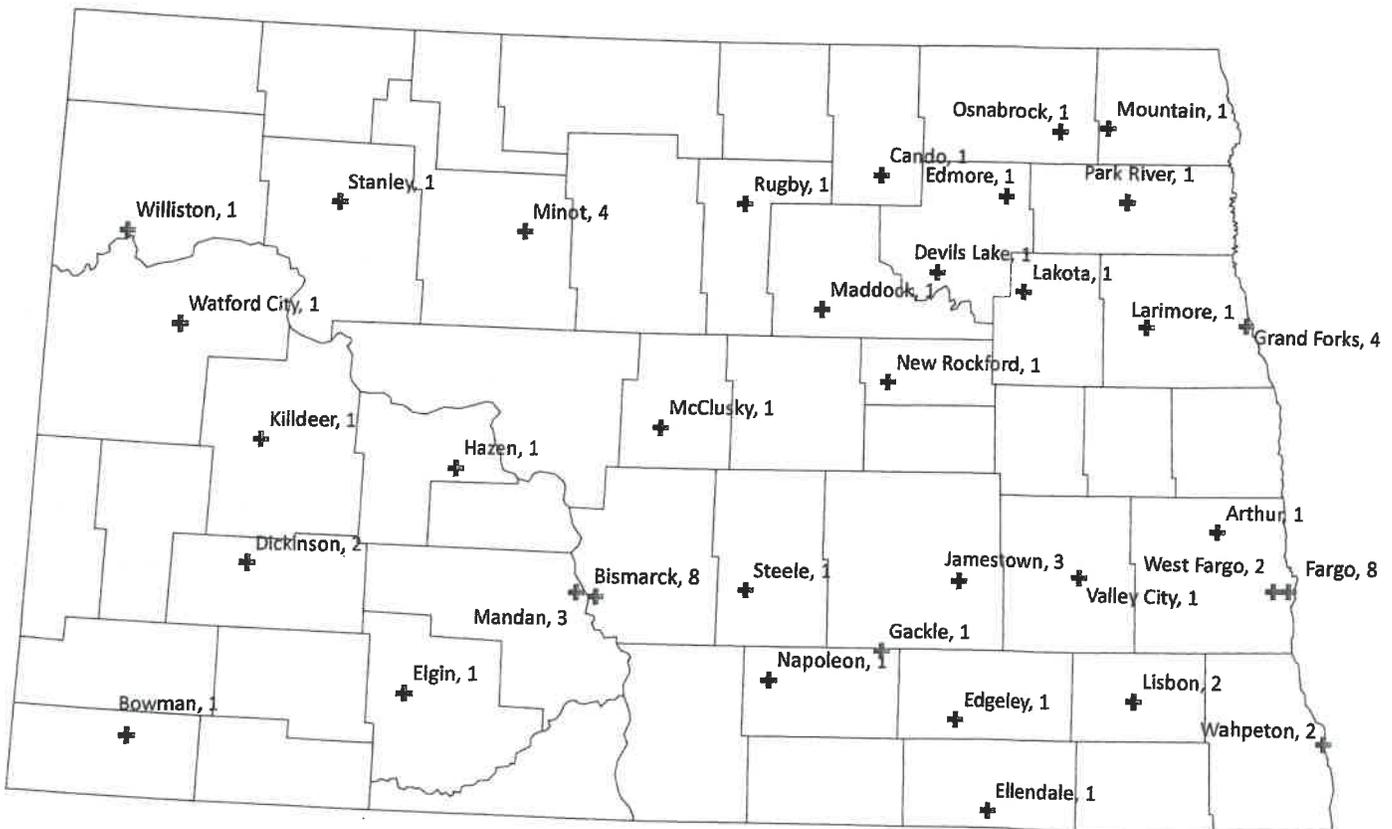
## Care needs of basic care residents





# Basic Care Map

## North Dakota Basic Care Facilities, 2022



+ City (Number of Basic Care Facilities)

Source: ESRI, North Dakota Long Term Care Association Created by the North Dakota Healthcare Workforce Group on 12/19/2022

