Mathern
4-18-25
HB1015

Senate Appropriations Committee Members, HB 1015, 4.17.2025, Senator Tim Mathern

xpensive New State Hospital Is a Bad Investment

- **It's outdated and ineffective.** Over 65 state hospitals have closed in the last decade for a reason; large institutions don't improve outcomes. Modern medicine is short stays and referral to step down service.
- **It wastes taxpayer dollars.** A $300 million price tag for a model that history has already proven ineffective is not fiscal responsibility. The true cost is likely $400 million. Not everything is included.
- **Real solutions are local.** We are already filling jails, prisons, and Emergency Rooms with people who lack proper care. Building one more institution, that Jamestown can't even staff, won't solve that. Smarter, more cost-effective care comes from investing in regional services that are proven to work.

This session we are allocating millions toward the development of 4 Certified Community Behavioral Health Clinics (CCBHCs), which are designed to prevent the need for a state hospital! CCBHCs require access to all levels of care, meaning we will need to develop local services of acute hospital care to in home care regardless. Why waste millions in the process? Specifically, we are establishing Assertive Community Treatment, supportive housing, and residential treatment for adults—none of which are sufficient in our present system. These programs designed for adults and accelerating their development will ensure proper patient placement outside of expensive hospitals. Strengthening our regional acute care units will also equip them to serve individuals who would otherwise be referred to the state hospital.

e Path Forward: Learn from the Past, Don't Repeat It

• Building an old medicine centralized hospital is not progress- it's repeating history. Local private hospitals/treatment are stepping up in Fargo, Bismarck, Grand Forks, Dickinson, and Williston thus far. We are developing telehealth statewide, supporting local nursing homes to take geropsych patients, and responding to the Olmstead decision for less institutional care. We are paying for this in HB1012!
• Scrap the $300 million building an expensive facility where major tenants will be sex offenders, forensic evaluations, and geriatric psychiatric patients where the cost is over $900 per day. This latter group are the elderly that deserve our respect by staying in community nursing homes with proper reimbursement, grandparents need to be close to their loved ones in their final years.

The present LaHaug building at the state hospital campus put in service in 1986 is just fine while other services are developed. Lets do the deferred maintenance and some remodel to upgrade. This building is going to be used, either as a state hospital or corrections facility. Or if you want a new building build a 96 bed facility on the campus, place an expenditure cap of $100,000,000 and have OMB be the guardrail of design and costs.

Lastly, the 1999 Olmstead Supreme Court decision found that unjustified segregation of people with disabilities in institutional settings is a form of discrimination under the Americans with Disabilities Act. The Supreme Court ruled that states must provide community-based services for individuals with disabilities. The decision ·rmed the right of people to live in their communities rather than in institutions. It is my belief that building ·s state hospital of this size exacerbates our present status with the Department of Justice. **I suggest we do not fund the state hospital project or at least be fiscally prudent, by waiting until the next session when we know how much progress we have made on our present investments. Amendment options attached.**

Senate Appropriations Committee
April 17, 2025
Senator Tim Mathern

In my meeting with our Government Operations subcommittee members I was asked,

"Isn't there a study that recommends this new state hospital?"

After again reading the relevant documents, I offer the following clarification:

1. DHHS 2023–2025 Long-Term Plan
Page 4 of the Legislative Council's background memorandum, Study of the Implementation of Recommendations of the Human Services Research Institute's Study, confirms that while Renee Schulte recommends a modern state hospital, renovation of the Lahaug Building remains a clearly viable and officially recognized option.

2. Bed Count Expansion

All studies recommend a 75–85 bed facility, whether through renovation or construction of a new state hospital. DHHS supports this recommendation on page 6 of the Legislative Council's background memorandum (referenced above). The current proposal for 140+ beds appears to have no basis in the original plan, nor in any publicly vetted needs assessment.

3. Review of Behavioral Health System Studies

The behavioral health system in North Dakota has the background of three key reports:

- **HSRI 2018 Behavioral Health Assessment**
  This study primarily provided demographic analysis and stakeholder input. It noted deep concerns about the state hospital and broader system gaps:

  "Stakeholders expressed concern that the lack of adequate discharge planning and community reintegration services can result in individuals trapped in a revolving door between the hospital and the street." (p. 14)

- **HSRI 2020 State Hospital Study**
  This report issued concrete recommendations:

  "Reduce the capacity of the state hospital to a range of 75 to 85 beds, with an additional 6 to 10 beds contracted in the western part of the state." (p. 4)
  "Due to North Dakota's population being thinly dispersed over a large area, the benefit

of a large, centralized facility is offset by numerous disadvantages." (p. 27)

- **2021 Renée Schulte Report**
  Schulte's report builds off the HSRI 2020 findings and includes the recommendation to "build a modern and efficient state hospital" (p. 6). However, the report offers no independent structural assessment or cost-benefit analysis to support full replacement over renovation. The language is general and aspirational, not prescriptive.

There is no known engineering report or third-party evaluation affirming that a new hospital is structurally required. The push for new construction seems rooted in aesthetic preferences and vague appeals to modernization rather than evidence-based need.

Governance and Oversight Gaps

When Government Operations committee members asked,

"What happened to get us to this point?" a pattern emerges:

- The Office of Management and Budget and the Governor's Office provided no broad-based oversight.

- Commissioner leadership instability at DHHS further contributed to less broad accountability as Commissioner Chris Jones was considering leaving DHHS and eventually left in 2023.

- With Governor Burgum running for president and Lt. Governor Miller focused on her own campaign for governor, executive branch leadership was somewhat disengaged during critical decision-making periods.

- After her campaign concluded, Lt. Governor Miller stepped in to pause payments to architects and attempted to scale the project down but by then, DHHS and the architects had advanced far down the current path.

Senators, **to summarize**, no study mandates the construction of a new state hospital. The documentation consistently supports renovations, and a right-sized model aligned with a decentralized continuum of care. The current trajectory appears to be driven by a momentum anchored in the historical model of a centralized state hospital more than system-level reform.

https://ndlegis.gov/sites/default/files/resource/committee-memorandum/25.9034.01000.pdf

FTE pool line item to the salaries and wages line item in accordance with the provisions of this Act.

SECTION 4. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND. Any moneys in the community service supervision fund under section 29-26-22 are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 5. APPROPRIATION - DEPARTMENT OF HEALTH AND HUMAN SERVICES - STATE HOSPITAL FACILITIES. There is appropriated out of any moneys in the strategic investment and improvements fund, not otherwise appropriated, the sum of $25,000,000, or so much of the sum as may be necessary, to the office of management and budget, for the purpose of deferred maintenance and remodeling the LaHaug building on the North Dakota state hospital campus, for the biennium beginning July 1, 2025, and ending June 30, 2027. The LaHaug building must be designed for adult patients that may include civilly committed sex offenders, forensic assessment detainees, involuntary committed patients with serious mental illness or substance use disorders, and emergency hold patients that are being transferred to other public or private psychiatric acute or residential facilities around the state. The office of management and budget shall complete the projects as determined necessary by the state hospital steering committee established in section 6 of this Act.

SECTION 6. STATE HOSPITAL FACILITIES- STEERING COMMITTEE. The department of health and human services shall establish a state hospital facility steering committee to oversee the design, remodel, and construction of state hospital facilities, for the biennium beginning July 1, 2025, and ending June 30, 2027. The committee must include representation from the department of health and human services, the office of management and budget, the governor's office, and the legislative assembly. The legislative assembly representation must include one member of the senate appointed by the senate majority leader, one member of the house appointed by the house majority leader, and one member of the minority party from either the senate or the house appointed by the minority leaders of the senate and the house.

SECTION 7. TRANSFER - SOCIAL SERVICES FUND TO HUMAN SERVICE FINANCE FUND. The office of management and budget shall transfer the sum of $250,000,000 from the

FTE pool line item to the salaries and wages line item in accordance with the provisions of this Act.

SECTION 4. APPROPRIATION - COMMUNITY SERVICES SUPERVISION FUND. Any moneys in the community service supervision fund under section 29-26-22 are appropriated to the office of management and budget for distribution to community corrections association regions on or before August first of each year, for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 5. APPROPRIATION - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - STATE HOSPITAL. There is appropriated out of any moneys in the strategic investment and improvements fund, not otherwise appropriated, the sum of $100,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of designing and constructing a new state hospital located within or adjacent to the present perimeter of the North Dakota state hospital campus, for the biennium beginning July 1, 2025, and ending June 30, 2027. The facility must be designed to accommodate up to ninety-six beds. The facility must be designed for adult patients that may include civilly committed sex offenders, forensic assessment detainees, involuntary committed patients with serious mental illness or substance use disorders, and emergency hold patients that are being transferred to other public or private psychiatric acute or residential facilities around the state. The office of management and budget shall complete the project as designed and approved by the state hospital steering committee established in section 6 of this Act.

SECTION 6. NEW STATE HOSPITAL FACILITY- STEERING COMMITTEE. The department of health and human services shall establish a new state hospital facility steering committee to oversee the design, remodel, and construction of the new state hospital facility, for the biennium beginning July 1, 2025, and ending June 30, 2027. The committee must include representation from the department of health and human services, office of management and budget, the governor's office, and the legislative assembly. The legislative assembly representation must include one member of the senate appointed by the senate majority leader, one member of the house appointed by the house majority leader, and one member of the minority party from either the senate or the house appointed by the minority leaders of the senate and the house.