



## Testimony in Support of

**SB 2399**

February 3, 2025

Greetings Chairman Lee and Members of the Committee,

My name is Tim Gienger, Senior Director of Residential Partnerships for Dakota Boys and Girls Ranch.

Psychiatric Residential Treatment Facilities, the subject of SB 2399, provide a medical level of care for children who are suffering from psychiatric issues, most often brought on by horrendous trauma.

The PRTF rate setting process was developed 30 years ago, a time when the economy was less volatile, children had fewer challenges, and we didn't have electronic health records, HIPPA regulations, and cybersecurity issues to manage. Accreditation, audits, billing, and the cost report have all become more complicated, requiring significant increases in staffing to meet regulations and best practices. These additional requirements, as well as erratic costs created by inflation and rising labor costs put the burden on private providers to underwrite the increased costs of caring for the state's most vulnerable children and to manage cash flow until the new rates are put into place up to 16 months after the service is provided.

Going through the administrative rules process during the interim sparked the need for Senate Bill 2399. For more details on this process, see Administrative Rules Committee testimony from Dec. 5, 2024.

Senate Bill 2399 was created to simplify and modernize terminology regarding what is included in "direct care costs." It is also intended to provide an emergency safety net so when emergencies arise, funding is available in real time to minimize any service disruption to kids and families.

Section 1, Number 1, Letter A will create a definition of "direct care costs" that includes all licensing and accreditation requirements, including home visits, parental engagement, and use of technology like electronic health records and electronic patient monitoring systems. The current rate-setting process puts many of these required costs into administrative expenses which have limited reimbursement.

Letter B, Number 1, addresses the need for an emergency safety net for providers when they have non-recurring costs like damage to buildings and vehicles, or must provide

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specialized training to meet the needs of the kids. These costs will be offset during the next cost analysis period.

Letter B, Number 2, addresses sudden increased costs like additional staff, sudden labor market increases, and replacing required positions such as the Medical Director. These are ongoing expenses which will be included in the next cost report.

Numbers 2, 3, and 4 have to do with the department establishing rules, procedures, and reporting consistent with this section.

A "yes" vote on this bill will provide for the needs of North Dakota's most vulnerable children by ensuring the state's Psychiatric Residential Treatment Facilities can continue to operate without disruption.

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