

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON LONG-TERM CARE

Tuesday and Wednesday, December 16-17, 1997
School for the Deaf, UND-Lake Region,
Academy Village, Heartland Care Center,
Senior Citizen Center, and Odd Fellows Basic Care Home
Devils Lake, North Dakota

Representative Bill Oban, Chairman, called the meeting to order at 10:00 a.m.

Members present: Representatives Bill Oban, Ron Carlisle, James O. Coats, Jeff W. Delzer, Gereld F. Gerntholz, Shirley Meyer, Lynn J. Thompson; Senators Bill L. Bowman, Aaron Krauter, Evan E. Lips, Harvey Sand

Members absent: Representatives Grant C. Brown, Mike Callahan; Senator Russell T. Thane

BUDGET TOUR OF THE SCHOOL FOR THE DEAF

Others present: Jack Traynor, State Senator, Devils Lake

Richard Kunkel, State Representative, Devils Lake

Jaime Galloway, Marjorie Bye, John Hughey, Barbara Duncan, Renae Bitner, Eric Lysne, Chuck Hawkins, Rocklyn Cofer; School for the Deaf, Devils Lake

Gordon Weixel, Devils Lake Daily Journal, Devils Lake

It was moved by Representative Carlisle, seconded by Representative Coats, and carried on a voice vote that the minutes of the previous meeting be approved as mailed.

Mr. Jaime Galloway, Superintendent, School for the Deaf, welcomed the committee to the School for the Deaf and provided committee members with information on the school's mission, 1995-97 and 1997-99 appropriations, 1995-97 expenditures, strategic plan, and technology plan. A copy of his presentation is on file in the Legislative Council office.

In response to a question from Representative Oban, Mr. Galloway said the school currently has 46 students on campus and 11 students in the statewide parent-infant program. He said the school's capacity is 50 students. Mr. Galloway said of the 46 students, 17 are from Devils Lake.

In response to a question from Senator Bowman, Mr. Galloway said the 1997-99 biennium appropriation includes \$4,571,465 from the general fund, \$114,953 of federal funds, and \$416,925 of special funds. He said in addition the school has a capital construction carryforward of \$136,671.

In response to a question from Representative Oban, Mr. Galloway said the special funds include out-of-state tuition, interest on land grant funds, and donations.

In response to a question from Representative Thompson, Mr. Galloway said the school provides services to individuals through age 21. He said the zero- to three-year-olds are provided services in their homes and three- to four-year-olds through grade 12 are provided services at the school. Mr. Galloway said the school is fully accredited and uses the same curriculum as the Devils Lake public schools.

The committee toured the campus of the School for the Deaf. The committee then recessed and traveled to UND-Lake Region.

BUDGET TOUR OF UND-LAKE REGION

Others present: Jack Traynor, State Senator, Devils Lake

Richard Kunkel, State Representative, Devils Lake

Dennis Johnson, State Representative, Oberon
Sharon Etemad and other UND-Lake Region staff, UND-Lake Region, Devils Lake

Peggy Wipf, North Dakota University System, Bismarck

Gordon Weixel, Devils Lake Daily Journal, Devils Lake

After a noon luncheon provided by UND-Lake Region, the committee reconvened at 12:15 p.m.

Ms. Sharon Etemad, Dean, UND-Lake Region, welcomed the committee to the UND-Lake Region campus and presented information regarding the enrollment and capital projects at UND-Lake

Region. A copy of her presentation is on file in the Legislative Council office.

Ms. Etemad said the headcount enrollment has increased from 633 in the fall of 1992 to 738 in the fall of 1997. She said the full-time equivalent (FTE) enrollment for this same time period has increased from 433 to 439. Ms. Etemad said 98 percent of the students served are from North Dakota.

In response to a question from Senator Krauter, Ms. Etemad said the UND-Lake Region campus provides preservice training and the Law Enforcement Training Academy in Bismarck mainly provides inservice and upgrade training.

Ms. Etemad said the financial support from the college's foundation has increased from \$152,575 in the 1991-92 fiscal year to \$469,613 in the 1996-97 fiscal year. She said local dollars raised for the library expansion project total \$528,771 of the estimated total project cost of \$850,000. She said to date the institution has raised approximately \$476,000 for renovation of the auditorium, which is estimated to cost \$900,000. She said the remodeling of the basement below the auditorium would be an additional \$300,000, bringing the total project cost to approximately \$1.2 million.

Ms. Etemad said a high ground water level has ruined a parking lot on campus. She said a joint project to redo the parking lot and put in a storm sewer system to remove water will be completed next summer. She said the project includes funds from the public schools, the city of Devils Lake, the park board, the Federal Emergency Management Agency, State Board of Higher Education, and some borrowing from the Bank of North Dakota. She said the project is estimated to cost \$1.4 million.

The committee toured the UND-Lake Region campus, including the library and auditorium. The committee then recessed and traveled to the Academy Village.

TOUR OF ACADEMY VILLAGE

Others present: See attached appendix

Ms. Sandra K. Lorenz, Senior Housing and Services Consultant, Yeater Hennings Ruff Shultz Rokke Welch, presented background information on the Academy Village complex. She said through the formation of a nonprofit organization, the Devils Lake community, which includes a four-county service area, has been able to develop the Academy Village complex. She said the complex currently has four buildings plus a group of town-homes. She said the original plan included 220 units. Ms. Lorenz said the more challenging part

of developing a complex such as this is the development of personal services to complement the physical buildings. She said the complex has not progressed in its development during the last year and a half due to the flooding from Devils Lake.

Ms. Lorenz said the Academy Village complex master plan includes congregate care facilities, patio homes, a village center, an Alzheimer's care center, and an assisted living center. She said the complex currently has congregate care units based on income, congregate care units based on market rate, and an assisted living facility.

Ms. Lorenz said the assisted living facility was the most needed facility in the community. She said if it had not been developed, the residents currently in the facility would more than likely be in a long-term care facility. She said the services provided through congregate housing and assisted living are tailored to meet each individual's needs. Ms. Lorenz said long-term care is going to change dramatically in the next five years because people want more options than are currently provided.

In response to a question from Senator Lips, Ms. Lorenz said the cost for the assisted living facility is between \$1,600 and \$2,300 per month.

Senator Krauter asked what services are provided in addition to meals, transportation, and cleaning. Ms. Lorenz said case management is the main service provided in addition to those others.

In response to a question from Representative Coats, Ms. Lorenz said home health services are provided by Mercy Hospital which is located next to the Academy Village complex.

The committee toured the Park Place congregate care building, the Park Manor congregate care building, and the Lake Country Manor assisted living facility.

The Legislative Council staff presented a memorandum entitled *Comparison of Acute Care, Swing Beds, Subacute Care, Congregate Housing, Assisted Living, Basic Care, and Nursing Homes*. The memorandum provides definitions and comparison of services, funding sources, and licensure requirements for each level of care.

Representative Oban asked what is going to happen if the current trend of allocating 94 percent of the funding for long-term care facilities and six percent for alternative services continues. Ms. Lorenz said in the future long-term care skilled facilities will be for medically intensive residents and the others will be in assisted living facilities or congregate care facilities. She said there will also be much more support for more extensive in-home service options.

Mr. Bob Owens, Administrator, Heartland Care Center, said Devils Lake is a forerunner in the development of long-term care options. He said Devils Lake has many more options available to its senior residents than most cities in North Dakota. Mr. Owens said after four years of having these additional options available, what was expected to happen has not. He said the case mix in long-term care facilities is going down and the case mix in basic care facilities is going up.

BASIC CARE RATE EQUALIZATION

Chairman Oban said the next item on the agenda was to be a presentation of a Legislative Council staff memorandum entitled *Legislative Intent of Basic Care Rate Equalization*. He said the memorandum was presented at the last meeting and was included on this agenda to refresh committee members on the subject. He said due to time constraints the memorandum will not be presented but would be distributed to committee members.

Mr. Dave Zentner, Department of Human Services, presented information on nursing facility and basic care facility rates. A copy of his presentation is on file in the Legislative Council office. He said the new nursing facility rates were issued in late November and become effective January 1, 1998. He said the average nursing facility rate increased from \$89.18 per day in 1997 to \$94.31 per day for 1998. Mr. Zentner distributed a list showing each of the 16 rates for each of the nursing facilities in the state.

Mr. Zentner said basic care rates are established on July 1 of each year. He said the maximum rate for basic care facilities is \$40.93 per day. He said the daily rates range from \$22.79 to the maximum rate of \$40.93.

Ms. Linda Wright, Department of Human Services, presented information on home and community-based service provider rates. A copy of her presentation is on file in the Legislative Council office. She said effective May 1, 1997, the department established a maximum rate for agency qualified service providers of \$14 per hour. She said the maximum hourly rate for self-employed qualified service providers is \$10.52 per hour. Ms. Wright said although the rates are considered to be effective for the entire biennium, if unusual or unpredicted costs having a significant impact are incurred, a rate adjustment may be approved during the biennium.

Ms. Wright presented the following information on the average cost for the delivery of home and community-based services based on the previous

hourly maximum rates of \$12.84 for agencies and \$9.72 for self-employed providers:

Homemaker service	\$10.35 per hour
Home health aide	\$11.20 per hour
Personal/attendant care	\$43.05 per day /\$8.43 per hour
Respite care	\$8.48 per hour
Adult day care	\$30.21 per day
Emergency response	\$18.53 per month
Adult family foster care	\$32.54 per day

Ms. Wright said the average cost per client per month during the 1995-97 biennium was \$846 for services funded through the Medicaid waiver for the aged and disabled, \$288 for services funded through the SPED program, and \$268 for services funded through the expanded SPED program.

Representative Oban asked what level of government would be responsible for changing the current long-term care funding mix from 94 percent for institutional care and six percent for alternative care. Mr. Zentner said the current funding mix exists because initially the federal government only paid for institutionalized long-term care. He said in the early 1980s the waiver program was started. He said the waiver can be utilized when it can be proven that alternative types of care are less costly than institutionalized long-term care. Mr. Zentner said there are limits on the waivers in regard to the number of clients served and the dollars spent. He said North Dakota's current limitation is for approximately 300 clients per year. He said the Task Force on Long-Term Care Planning is looking at ways to increase alternative service utilization.

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, Legislative Council, asked if additional alternative services could be provided in the future if the Medicaid program was block granted. Mr. Zentner said if the program were to be more flexible the state would definitely have the ability to look at more care options. Ms. Wright said the Medicaid program has been slow to recognize alternative care options.

Chairman Oban requested that the Department of Human Services provide a report at this committee's next meeting on the possibility of the federal government changing the Medicaid program to a block grant.

Mr. Tim Exner, Administrator, Rock of Ages, Inc., Jamestown, presented information on basic care rate equalization. A copy of his presentation

is on file in the Legislative Council office. He said the basic care committee of the North Dakota Long Term Care Association met on August 14, 1997, and discussed the issue of rate equalization. He said it was the consensus of the group that they recommend to this committee that basic care rate equalization not be implemented. He said the basic care committee of the North Dakota Long Term Care Association encourages this committee to support legislation to repeal the statute which implements basic care rate equalization on July 1, 1999. Mr. Exner said the basic care committee of the Long Term Care Association based its position on the following:

1. Equalization of rates will not cost less.
2. The government will need to increase its appropriation for basic care assistance if rate equalization is implemented.
3. Private pay residents will pay more under an equalized rate system.
4. Past experience with the equalization of rates for skilled nursing homes proves that it will cost the government and private pay residents more under an equalized rate system.
5. The Legislative Assembly has deferred the implementation of rate equalization the last two sessions due to a lack of funding.
6. One hundred percent of the industry supports not having government totally control ratesetting, even though the majority of basic care facilities would profit with the equalization of rates.
7. The great majority of basic care facilities do not cost shift.

Mr. Exner said although it is recommending that rate equalization not be implemented, the committee does believe some changes are needed to the ratesetting process. He said it recommends a three percent operating margin and the passthrough of property costs. He said without the implementation of rate equalization and by making the recommended changes to the ratesetting system, all parties will benefit. He said basic care will be less costly to the government, less costly to private pay residents, and basic care would be more adequately funded and remain a cost-effective care alternative for the elderly and disabled in need of 24-hour care.

Mr. Nelson said rate equalization itself does not increase the cost of the basic care program. He said it is the other changes in the ratesetting methodology that are increasing the cost of the basic care program.

Ms. Shelly Peterson, North Dakota Long Term Care Association, agreed that if the other changes to the reimbursement system were not made, rate

equalization would not necessarily increase costs. She said in response to an earlier question, the difference between basic care and the Academy Village complex is the private apartment setting of the Academy Village versus the institutional setting of a basic care facility. She said in addition basic care facilities provide 24-hour supervision of residents. Ms. Peterson said it is important to remember that terminology between states is not always the same and what North Dakota terms as basic care is often assisted living in other states.

Senator Krauter requested the Legislative Council staff prepare and present at the next meeting a bill draft to repeal the basic care rate equalization requirements. Chairman Oban said it would be included on the next agenda.

The committee recessed and traveled to the Heartland Care Center where Mr. Owens provided background information on the Heartland Care Center. He also provided the committee with a tour of the Heartland Care Center complex.

The committee recessed at 5:25 p.m. and reconvened at 9:00 a.m. on Wednesday, December 17, 1997, at the Senior Citizen Center.

Ms. Gayle Wisnewski, Director, Senior Meals and Services, Inc., welcomed the committee to the Senior Citizen Center and presented general comments regarding services provided in the Devils Lake area by Senior Meals and Services. She said they provide services to a four-county area including Ramsey, Benson, Eddy, and Towner Counties. Ms. Wisnewski said Senior Meals and Services provides congregate meals, home-delivered meals, frozen meals, outreach services, outdoor and indoor chore services, and foot care clinics.

Mr. Duainne Bourcy, Director, Lake Region Human Service Center, presented information on senior clients receiving services through the Lake Region Human Service Center from July 1995 through June 1997. A copy of his presentation is on file in the Legislative Council office. He said there were 217 senior clients receiving services during that time period. He said there were an additional 243 senior clients who received MR-DD case management during that same time period.

Ms. Donna Olson, Lake Region Human Service Center, presented information on long-term care services provided in the Lake Region Human Service Center area. A copy of her presentation is on file in the Legislative Council office. She said the human service center area includes the six-county area of Benson, Cavalier, Eddy, Ramsey, Rolette, and Towner Counties. She said it also includes the Spirit Lake Nation Indian Reservation and the Turtle Mountain Band of Chippewa Indian

Reservation. Ms. Olson said 24 percent of the region's population is American Indian and 32 percent of the center's clientele is American Indian. She said approximately 10 percent of the clientele is elderly persons.

Ms. Olson said in the human service center region there are eight skilled care facilities, four basic care facilities, two assisted living facilities, and three independent living facilities. She said the skilled care facilities have 568 beds which are all filled at the present time. Ms. Olson said the four basic care facilities have 125 beds which are usually filled. She said there are also six hospitals in the region which provide swing bed services when needed.

Ms. Olson said the aging services unit at the Lake Region Human Service Center consists of three primary components: (1) a regional aging services program administrator; (2) Ombudsman services; and (3) vulnerable adult protective services.

Ms. Olson said the Legislative Assembly enacted an adult protective services law in 1989 through the passage of House Bill No. 1058. She said the Lake Region Human Service Center was one of three demonstration sites for this program. She said the 1989-91 biennium budget for the Department of Human Services included funding for the implementation of the adult protective services program, but the funding was eliminated as a result of the December 1989 referral. Ms. Olson said North Dakota was the last state to pass an adult protective services law and is the only state without a funded statewide program. She said the Lake Region Human Service Center is unique in that it continues to provide an organized adult protective services program within its budget and is one of only two entities statewide offering an organized adult protective services program.

Ms. Olson said although a wide variety of service options are available in the Lake Region Human Service Center area, some of the critical long-term care needs are not being met. She said these needs include but are not limited to adult day care, respite care, an Alzheimer's support group, a statewide funded adult protective services program, and a comprehensive guardianship program. She said a committee is currently being established to begin an Alzheimer's support group.

In response to a question from Representative Oban, Ms. Olson said the adult protective services program is looked upon as a new program and therefore in her opinion has not been funded. She said in the past few sessions new programs have

not been looked upon favorably and therefore this program has not received funding.

Senator Krauter requested the Legislative Council staff prepare a memorandum on the adult protective services program established in 1989 House Bill No. 1058, including any statistics maintained by the Department of Human Services regarding the need for this program and information on the funding of adult protective services programs in Minnesota, South Dakota, and Montana. Chairman Oban said that would be included on the next meeting agenda.

Mr. Clinton DeVier, Lake Region Human Service Center, provided a status report on the human service center's 1997-99 biennium budget and the possible effects of welfare reform and the spring flood on the center's budget. A copy of his presentation is on file in the Legislative Council office. He said the total budget for the Lake Region Human Service Center is \$7,218,639, of which \$4,016,203 is from the general fund, \$2,655,553 is federal funds, and the remaining \$546,883 is other funds.

Mr. DeVier said based on the budget request submitted by the Department and the appropriation provided by the 1997 Legislative Assembly for the Lake Region Human Service Center, the center has a projected general fund shortfall of \$397,761. He said to compensate for this projected shortfall the center has implemented the following items:

- Reclassify a business office clerk position, which had been kept vacant as a result of computerization efforts, to an addiction counselor. The position will be used to start an evening addiction program. The human service center is requesting funding for this position from the State Hospital as it is intended to help decrease State Hospital admissions.
- Limit hiring of temporary employees in an effort to save approximately \$38,280.
- Continue its residential services contracts at 1995-97 levels, thereby saving \$44,717.
- Leaving an administrative position vacant, thereby creating a possible savings of \$90,000.

Mr. DeVier said even with all of the previously mentioned savings, the center is projecting to be \$185,000 short in general fund moneys. He said the center is looking at a number of other options to make up for the remaining general fund shortfall.

Mr. DeVier said a current trend within the center is the decrease in the number of clients who are Medicaid-eligible. He said in 1994

approximately 30 percent of the center's new clients were Medicaid-eligible. Mr. DeVier said a survey taken in the spring of 1997 indicated that this number had decreased to 20 percent. He said the services provided to clients who are not Medicaid-eligible is resulting in services being provided with 100 percent general fund moneys instead of only 30 percent general fund moneys and 70 percent federal funds. He said this is due to the strong economy and the number of people that are working and therefore not qualifying for Medicaid.

Mr. DeVier said another issue caused by having more clients with jobs is the need to expand the center's hours to the evening. He said because so many of the clients work during daytime hours and cannot afford to take a day off to come to the center for services, the center has expanded its hours into the evening. He said because of this the center has implemented flexible working hours for the direct care staff. He said the staff is encouraged to adjust their work schedules to meet the needs of the clients and adjust their working hours accordingly.

Mr. DeVier provided a summary of the Lake Region Human Service Center budget and caseloads as follows:

Authorized FTEs	66.25
1997-99 biennium general fund appropriation	\$4,016,203
1997-99 biennium federal funds appropriation	\$2,655,553
1997-99 biennium other funds appropriation	\$546,883
1997-99 biennium total appropriation	\$7,218,639
1997-99 biennium salary budget	\$5,191,305
1997-99 biennium grants budget	\$1,027,389
Total open cases as of June 30, 1997	1,383
Total unduplicated clients seen from July 1, 1996, to June 30, 1997	2,101
Total 15 minute units of service from July 1, 1996, to June 30, 1997	191,013
Total 24-hour units of service from July 1, 1996, to June 30, 1997	3,628

HOME AND COMMUNITY-BASED SERVICES AVAILABILITY

Ms. Wright presented an update on the work of the Task Force on Long-Term Care Planning regarding home and community-based services availability. A copy of her presentation is on file in the Legislative Council office. She said the challenge to the task force is to obtain a complete picture of home and community-based services. She said the services provided through the department are readily documented, but the services provided through other formal and informal support systems are more difficult to document. She said the subgroup working on service availability and qualified service provider training has been working on documenting these other formal and informal support systems.

Ms. Wright said the assessment of the existing formal and informal support network will not only provide documentation of current service availability and who is providing the service but will also help the task force and this committee in determining where there are gaps in service availability. She said after the task force has completed its assessment, it will be more able to make recommendations regarding the improvement of home and community-based service delivery systems.

Ms. Wright presented information on quality control measures implemented by the Department of Human Services for home and community-based service providers. A copy of her presentation is on file in the Legislative Council office. She said the North Dakota Century Code defines qualified service providers as a county agency or independent contractor which agrees to meet standards for services and operations established by the state agency.

Ms. Wright said the department currently has two qualified service provider handbooks in use for the enrollment of providers. She said the handbooks contain all of the minimum requirements which must be met by an individual or agency seeking enrollment as a qualified service provider. Ms. Wright reviewed the documentation which must be provided by providers to the department in order to become a qualified service provider.

Ms. Wright also reviewed the documentation of competency criteria which must be provided by individuals or agencies seeking to be enrolled as qualified service providers. She said each county social service office employs one or more home and community-based service case managers who are required to have a minimum of four quarterly contacts per year with each client. She said a

minimum of two of the four required contacts must be face to face with the client. Ms. Wright said in addition the Aging Services Division has one full-time staff person whose primary responsibility is to complete home and community-based service reviews.

Ms. Wright said the department has always worked closely with the Board of Nursing, North Dakota Home Care Association, State Department of Health, and any other entities with common or similar interests in in-home service delivery for functionally impaired elderly or disabled citizens. She said an area of quality control that is deficient in North Dakota is the adult protective services program. She said the adult protective services program not only applies to quality control for home and community-based service providers but to the entire vulnerable adult population in a variety of life experiences. She said a funded adult protective services program in North Dakota would be a valuable tool in the continuum of care for vulnerable adults.

Ms. Wright said to the best of her knowledge the department has probably decertified less than five people. She said because of that statistic she thinks the monitoring provided by the department is sufficient.

In response to a question from Representative Thompson, Ms. Wright said service providers must renew their license every two years.

Representative Coats asked why none of the requirements for qualified service providers mention training in cardiopulmonary resuscitation. Ms. Wright said that is apparently an oversight of the department and is a point on which she will follow up.

In response to a question from Representative Oban, Ms. Wright said requesting funding for an adult protective services program is on the top of her list when the next biennial (1999-2001) budget is prepared.

Ms. Judy Irwin, Lake Region Human Service Center, commented on the need for an adult protective services program. She said exploitation of vulnerable adults is a very real problem in North Dakota, especially for people in the early stages of dementia. Ms. Irwin said the state cannot have an adult protective services program without a formal guardianship process. She said the isolation of individuals in a rural state like North Dakota has a lot to do with our need for an adult protective services program.

Ms. Eleanor Wilcox, Devils Lake, commented on the need for an adult protective services program. She said she has lobbied in Bismarck for many years for this program. She recommended that the state give serious

consideration to funding an adult protective services program.

BASIC CARE RATE EQUALIZATION

Mr. Zentner presented the committee with an update on the work done by the Task Force on Long-Term Care Planning regarding basic care rate equalization. A copy of his presentation is on file in the Legislative Council office. He said the ad hoc committee on financing incentives will be making a recommendation to the Task Force on Long-Term Care planning that rate equalization for basic care facilities not be implemented. He said this recommendation has the support of the basic care industry as previously mentioned to this committee. He said the primary reasons for recommending that rate equalization not be implemented are:

1. Basic care services are being looked at by the Task Force on Long-Term Care Planning as an alternative to nursing facility care.
2. Data on basic care rates indicates that cost shifting to private pay residents is not occurring within the industry.
3. Rate equalization will provide a disincentive for facilities to develop community alternatives to nursing home care since revenues and cash reserves necessary to develop such programs will not be available in some instances.
4. Access for assistance residents may be adversely affected since facilities with low assistance to private pay ratios may opt not to be included in the basic care assistance program so as not to be subject to rate equalization.
5. It would be a disincentive to admit heavier care private pay individuals to the facility.
6. Rate equalization would prevent facilities from immediately recognizing increased costs in the rates charged to private pay residents by limiting the rate based on historical costs.
7. Rate equalization does not assure that additional payments will not be sought for services which are not part of the daily rate.
8. Rate equalization has a negative impact on private pay revenues in that if increases in the daily rate are retroactive to the beginning of a rate year, those increases cannot be billed to the private pay residents since only the established

rate can be charged and a 30-day notice of any increases must be given.

ALZHEIMER'S AND RELATED DEMENTIA POPULATION PILOT PROJECTS AND EXPANDED CASE MANAGEMENT SYSTEM PILOT PROJECTS

Mr. Zentner presented updates on the Alzheimer's and related dementia population pilot projects and on the work of the task force's ad hoc committee that is studying the process used to define, license, and pay for long-term care services other than nursing facility services. A copy of his presentation is on file in the Legislative Council office.

Mr. Zentner said the department has reviewed the proposed budget, floor plan, and a general outline regarding the policies and procedures submitted by the Baptist Home of Kenmare in regard to their Alzheimer's pilot project. He said the department has concluded that the proposed plans meet the general intent of the request for proposals. Mr. Zentner said the facility has proposed a budget of approximately \$12.11 per day for room and board and \$67.26 per day for residential care services. He said the department concluded that the budget is cost-effective when compared to average nursing facility costs of \$85.41 per day for 1998. He said this is a difference of approximately \$6.04 per day. Mr. Zentner said over the course of a year the cost savings will total approximately \$2,200 per resident less than equivalent nursing facility care.

Mr. Zentner said the facility will be remodeling the third floor of its licensed basic care facility. He said it is anticipated that the remodeling will begin in January 1998 with the pilot project scheduled to begin operations in May 1998.

Mr. Zentner said the Good Samaritan Society has also expressed interest in the possibility of converting a portion of one or more of its nursing facilities into Alzheimer's and related dementia population pilot projects. He said the department plans to meet with corporate executives from the Good Samaritan Society within the next few weeks to determine if they are still interested in developing one or more pilot projects in 1998.

Mr. Zentner said the ad hoc committee on residential services, definitions, and funding reorganization discussed the definitions of basic care, assisted living, and other alternative long-term care services. He said the ad hoc committee is in general agreement that changes to current law and rules may be necessary in order to allow more flexibility and to allow for the use of funding streams so that elderly and disabled have as

many long-term care options as possible. He said present policy makes it very difficult for a basic care facility to provide services to a Medicaid-eligible individual who qualifies for nursing facility care but whose needs could be met in a basic care facility.

Mr. Nelson said Ms. Mary Dollerschell, Administrator of the Baptist Home of Kenmare, contacted him and indicated that she had planned to attend the meeting but was unable. He said she invited the committee to visit the pilot project in Kenmare after the project is operational.

Senator Bowman asked how the different classifications of beds within the various facilities across the state will be converted if these pilot projects prove successful. Mr. Zentner said he hopes it would be through change by the facilities to convert beds to the types of services proven effective and to the types of services needed.

Ms. Marilyn Pederson, Devils Lake, expressed her support for the work this committee is doing. She said by the year 2000 long-term care will change dramatically. She said by that time long-term care facilities will only be for the very medically needy and therefore will have high costs and short average lengths of stay.

Mr. Wisniewski presented an update on the expanded case management pilot project operated by Senior Meals and Services. A copy of her presentation is on file in the Legislative Council office. She said Senior Meals and Services has advertised for a case manager position and will begin interviewing shortly. She said they hope to have this position filled by early January.

Senator Krauter asked if Senior Meals and Services has had an increase in its revenues due to the increased senior citizens' mill levy match funding provided by the 1997 Legislative Assembly. Ms. Wisniewski said Senior Meals and Services has not received any additional dollars. She said it is actually receiving about half of what it received a few years ago.

Ms. Wright explained that Senior Meals and Services is receiving less federal money than in prior years. She said Senior Meals and Services was one of the first providers in the state and therefore received the majority of the federal dollars at that time. She said as more programs started the federal dollars were allocated between a larger number of programs thereby reducing the amount each program receives. Ms. Wright said in addition federal dollars received by the state for these purposes have been decreasing in recent years. She said senior citizens' mill levy match funding is only provided to counties with senior citizen mill levies. She said the money is distributed to the counties and it is then up to the

county to distribute the money to the various senior programs.

Senator Krauter requested the Legislative Council staff prepare a spreadsheet showing, by county, the Department of Human Services' disbursements for senior citizens' mill levy match funding for the 1995-97 biennium and for the 1997-99 biennium to date. Chairman Oban said the item would be included on the next committee meeting agenda.

The committee recessed for lunch and a tour of the Senior Citizen Center at 11:40 a.m. and reconvened at 12:45 p.m.

Ms. Elaine Byron, North Dakota Project Directors Association, Park River, testified in support of the funding for an adult protective services program. She said statewide funding for a program such as that is important because as the population ages more problems will arise. Ms. Byron said in regard to the senior citizens' mill levy match funding, the counties should start seeing the increased level of funding in early spring.

Senator Bowman suggested that it would be beneficial for the Appropriations Committees to receive statistical information regarding services provided and the numbers and percentages of increases in clients served for the various programs in order to justify increased levels of funding.

LONG-TERM CARE FINANCING

Mr. Zentner presented information regarding the task force's work on long-term care financing issues. A copy of his presentation is on file in the Legislative Council office. He said the committee spent time discussing basic care ratesetting issues not directly related to rate equalization. He said in addition to the recommendation to eliminate rate equalization, the ad hoc committee will recommend to the Task Force on Long-Term Care Planning that ratesetting for basic care facilities be changed to include a three percent operating margin and include property costs as pass-through costs. He said both of these changes would provide additional funds for basic care facilities. Mr. Zentner said the current basic care ratesetting methodology provides for a two percent operating margin and property costs are not passed through but are included in the costs for the 80th percentile calculation.

Mr. Zentner said the ad hoc committee will also recommend to the task force that the current definition of private pay residents be changed to include managed care organizations and entities which are exempt from the rate equalization

provisions and to define managed care organization.

In response to a question from Mr. Nelson, Mr. Zentner said managed care organizations are sometimes willing to pay a slightly higher rate for basic care in order to move an individual from a higher cost hospital setting to a lower cost basic care setting. He said it functions as a type of short-term, nonhospital subacute care.

AMERICAN INDIAN LONG-TERM CARE NEEDS

The Legislative Council staff indicated that Mr. Fred Larson, State Department of Health, and Chairman of the Ad Hoc Committee studying American Indian long-term care needs was unable to attend the meeting but requested that his remarks be distributed. A copy of his remarks was distributed to committee members and is on file in the Legislative Council office.

Mr. Larson's report indicated that the subcommittee of the task force working on American Indian long-term care needs has requested representation from each reservation and the Trenton service area. As of the middle of December the tribal council chairmen have not responded to the request for appointments to the subcommittee and therefore the subcommittee has not begun its work. It is Mr. Larson's hope that the committee will be able to begin its work in early January.

Ms. Gloria Lefthand, Spirit Lake Nation, expressed her support for this committee's work regarding American Indian long-term care needs. She said she will try to keep the committee informed of issues regarding the Fort Totten Reservation. She said the reservation does have a long-term care facility, but the facility does not participate in any of the state programs and is operated solely through tribal funding.

Senator Vern Thompson, State Senator, Minnawaukan, thanked the committee for coming to the Devils Lake area. He said it is difficult for the Spirit Lake Nation to continue to operate its facility without any state support. He said long-term care needs exist both on and off the reservation, and he is very supportive of the work this committee is doing regarding long-term care.

Chairman Oban announced that the next meeting is tentatively scheduled for April 8 and 9 in Bismarck. He said after that meeting the committee may meet in Kenmare in either June or July to tour the Baptist Home of Kenmare pilot project and then finish its work in Bismarck with a September meeting.

Senator Sand requested the Department of Human Services provide information at the next

meeting regarding long-term care facilities negotiating with managed care organizations and insurance companies. Mr. Zentner said he had some information on this and could make it available at the next meeting. Chairman Oban said it would be included on the next agenda.

The committee recessed at 1:20 p.m. and traveled to the Odd Fellows Basic Care Home for a tour of the facility.

Mr. Mark Ulrich, Administrator, Odd Fellows Basic Care Home, provided background information to the committee regarding the Odd Fellows Basic Care Home. He said the facility has a licensed capacity of 43 beds and is currently about 84 percent occupied. He said the private pay rate is \$906 per month and the basic care assistance program rate is \$876 per month.

At the conclusion of the tour of the Odd Fellows Basic Care Home, the chairman adjourned the meeting at 2:10 p.m.

Paul R. Kramer
Senior Fiscal Analyst

Chester E. Nelson, Jr.
Legislative Budget Analyst and Auditor

ATTACH:1