

2013 HOUSE HUMAN SERVICES

HB 1384

2013 HOUSE STANDING COMMITTEE MINUTES

House Human Services Committee Fort Union Room, State Capitol

HB 1384
January 29, 2013
17905

Conference Committee

Jocelyn Callaghan

Explanation or reason for introduction of bill/resolution:

A bill relating to housing as an allowable expense in establishing basic care facility payment rates and to housing as a cost or employee benefit in the rate setting system for nursing homes.

Minutes:

attached testimony 1,2,3, 4

Chairman Weisz: Opened the hearing on HB 1384.

Rep. Gary Kreidt: From District 33 introduced and supported the bill HB 1384.

Rep. Oversen: (3:22) Referenced page 4 of the bill, does the facility have to own or operate an apartment complex that they're renting out?

Rep. Kreidt: We have one facility in ND that has purchased a facility for employees. You can't exceed \$750, say they were charging \$500 then they could bill that into their rate as a facility.

Rep. Laning: I assume this would be a taxable benefit to the employee?

Rep. Kreidt: Under a fringe benefit I would think so.

Rep. Silbernagel: On the financial footnotes it talks about the general funds of 9 million and 8 million from the federal funds. Is there any risk these federal funds wouldn't be available due to what is going on out in Washington?

Rep. Kriedt: That possibility is always there. The way things have been handled in the past, you either make it up with general funds or this particular part of the bill would go away.

Shelly Peterson, President of ND Long Term Care Association: testified in support of the bill. (6:35- 10:52) (See Testimony #1)

Chairman Weisz: (10:55) The new language on page 4, #4 I assume the facility will be able to deduct their depreciation, but yet it still couldn't exceed \$750 per employee residing there?

Shelly Peterson: Yes. It could be as high as \$1500 and you would provide a \$750 subsidy or pay up to that cost for operation of it. It would be included as a fringe benefit if for nursing staff it would go into direct care.

Chairman Weisz: Even though it is in the property cost section they really aren't going to be able to depreciate or deduct any expenses for that unit, only the subsidized they did to the employee?

Shelly Peterson: It came under the property section, but we don't anticipate it in the property component of the rate system, it would be under fringe benefit section which goes throughout it and we would hope then to work the department on how that works in there.

Curt Stoner, Administrator of Bethel Lutheran Nursing and Rehabilitation Center in Williston, ND: testified in support of the bill with written testimony he used on another bill (HB 1012) from January 22, 2013. (13:15- 20:04) (See Testimony #2)

Rep. Mooney: (20:07) Did you say there were a couple of nursing homes that went out of business?

Curt Stoner: In Williston, the Kensington was a basic care and assisted living facility, that is closed as of December 2012. We are under bedded for basic care. We have 19 basic care beds between us and the Kensington we had over 100.

Rep. Mooney: Did I hear you say something about Crosby?

Curt Stoner: The Good Samaritan Home in Crosby is going to cease to operate in May. We are hopeful the hospital in Crosby will take it over.

Daniel Kelly, Chief Executive Officer of the McKenzie County Healthcare Systems, Inc. in Watford City, ND: testified in support of the bill. He noted three areas, recruitment, retention, and housing. (21:44-24:41) (See Testimony #3)

LeeAnn Thiel, Administrator of Medicaid Payment and Reimbursement Services of the Medical Services Division for the DHS: gave information on the bill, (25:23- 28:38) (See Testimony #4)

Chairman Weisz: (28:40) Why would adding one more line require an FTE?

LeeAnn Thiel: When we set nursing home and basic care rates we have from September 30 to November 22. That gives us a very short time to look through all this. When a housing allowance is put into the mix they have to make sure that is allowable under IRS guidelines.

Chairman Weisz: Further questions from the committee? Closed the hearing on HB 1384.

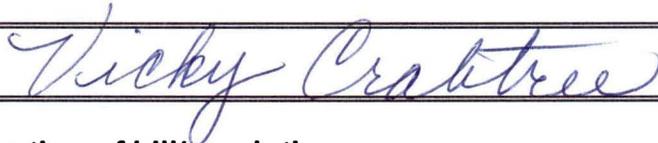
2013 HOUSE STANDING COMMITTEE MINUTES

House Human Services Committee Fort Union Room, State Capitol

HB 1384
February 6, 2013
Job #18372

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to housing allowance in regards to basic care facility payment rates.

Minutes:

You may make reference to "attached testimony."

Chairman Weisz: Let's look at HB 1384. This is the one that allows up to \$750 housing allowance for long-term care. This also affects private pay. I visited with Appropriations and nothing has been decided there either. They are looking at four proposals for salary increases for long-term care and DD. My issue is the fiscal note says it is only for the West yet it applies to everybody.

Rep. Muscha: Couldn't we put in an amendment and say it is limited to the West?

Chairman Weisz: We could, but it opens up a can of worms.

Rep. Porter: I don't know that would work because you have separated the rates.

Chairman: That is correct.

Rep. Laning: I believe the housing crunch is temporary. If we would consider a sunset clause that would be in order too.

Vice-Chair Hofstad: I move a Do Not Pass.

Rep. Looyen: Second.

Rep. Oversen: I can't support that motion because there is a real need for housing and the facilities are losing employees. I'm iffy on the part the bill allows them the cost of owning the property.

Chairman Weisz: They would have to give them the ownership because there isn't housing available at any subsidy.

Vice-Chair Hofstad: It is a complete departure from where we are and a dangerous road. I am opposed to offering this and a huge cost to state and would get larger.

House Human Services Committee
HB 1384
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ROLL CALL VOTE: 9 y 4 n 0 absent

MOTION CARRIED - DO NOT PASS

Bill Carrier: Rep. Hofstad

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Bill/Resolution No.: HB 1384

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$8,362,579		\$11,637,403
Expenditures	\$0	\$0	\$9,320,505	\$8,362,579	\$12,786,814	\$11,637,403
Appropriations	\$0	\$0	\$9,320,505	\$8,362,579	\$12,786,814	\$11,637,403

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1384 adds up to a \$750 employee housing allowance as an allowable "Fringe Benefit" and directs the Department to include in its rate setting system a mechanism to recognize the subsidized cost of real and personal property used to provide the fringe benefit for both Nursing Homes and Basic Care.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 instructs the Department to include in the rate setting system for nursing homes a payment mechanism to recognize as an allowable cost the subsidized cost of real and personal property, used to provide employee housing as a fringe benefit. Section 3 instructs the Department to include employee housing allowances or the subsidized cost of operating employee housing as an allowable expense when establishing payment rates for a basic care facility. Although there is no restriction on any facilities within the bill we have restricted our estimate to those Facilities west of Hwy 83 and specifically excluded Bismarck and Mandan facilities. If facilities in Bismarck, Mandan, or East of Hwy 83 would choose to offer this fringe benefit the numbers above would be impacted significantly. Expenditures for the 13-15 biennium include the increase over 18 months for nursing facilities and 24 months for basic care facilities due to the effective date of rate changes. The total estimated cost for the 13-15 biennium is \$17,683,084 and of which \$9,320,505 would be from the General Fund. The costs for the 15-17 biennium are estimated at 24,424,217, of which \$12,786,814 would be general fund. The amounts above also include one additional FTE for Provider Audit to ensure compliance with federal and state regulations. As Nursing Facilities have equalized rates this change would also impact private payers of nursing facility care. The Department estimates private pay individuals would see an increase of \$12,640,446 in the 13-15 biennium and \$17,996,262 in the 15-17 biennium. Medicaid must demonstrate compliance with an annual Upper Payment Limit(UPL) for Nursing Homes, Intermediate Care Facilities, Psychiatric Residential Treatment Facilities and Hospitals (inpatient and outpatient) based on provider ownership. The UPL categories are private, state government and non-state government operated facilities. A combination of provider rate enhancements increases the likelihood of exceeding the UPL. If the Upper Payment Limit is exceeded, federal Medicaid funding is not available for expenditures for rates that exceed the limit. In order to retain federal Medicaid funding for any portion of the rate, the rates must be reduced to comply with the UPL. ND Medicaid cannot make a separate general fund payment to facilities to make up the difference between the established rate based on legislative appropriation and an adjusted rate which has been reduced to comply with the UPL (Note: for Nursing Homes, due to the equalized rates, if the UPL is met, the rates for both Medicaid and private pay would be reduced to comply with the UPL.)

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The increase in revenues in each biennium is the additional federal funding the state will receive due to the increased expenditure relating to allowable expenditures.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The costs paid by Medicaid for nursing home and basic care facilities are estimated to increase by \$17,683,084 in the 11-13 biennium, of which \$9,320,505 would be from the general fund. The costs for the 15-17 biennium are estimated at \$24,424,217, of which \$12,786,814 would be general fund. This includes the salary and operating costs for one Provider Audit FTE in the amount of \$125,603 per biennium, of which \$65,100 would be general fund.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Department will need an appropriation increase of \$17,683,084 in 13-15 biennium, of which \$9,320,505 would be from the General Fund and \$8,362,579 would be from federal funds. The Department will need an appropriation increase of \$24,424,217 in 15-17 biennium, of which \$12,786,814 would be from the General Fund and \$11,637,403 would be from federal funds.

Name: Debra A. McDermott

Agency: Department of Human Services

Telephone: 701 328-1980

Date Prepared: 01/28/2013

Date: 2-6-13
 Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1384

House Human Services Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Hofstad Seconded By Rep. Looyesen

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN WEISZ	✓		REP. MOONEY		✓
VICE-CHAIRMAN HOFSTAD	✓		REP. MUSCHA		✓
REP. ANDERSON	✓		REP. OVERSEN		✓
REP. DAMSCHEN	✓				
REP. FEHR		✓			
REP. KIEFERT	✓				
REP. LANING	✓				
REP. LOOYSEN	✓				
REP. PORTER	✓				
REP. SILBERNAGEL	✓				

Total (Yes) 9 No 4

Absent _____

Floor Assignment Rep. Hofstad

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1384: Human Services Committee (Rep. Weisz, Chairman) recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1384 was placed on the Eleventh order on the calendar.

2013 TESTIMONY

HB 1384

#1

Testimony on HB 1384
House Human Services Committee
January 29, 2013

Good morning Chairman Weisz and members of the House Human Services Committee. My name is Shelly Peterson, President of the North Dakota Long Term Care Association. We represent 207 assisted living, basic care and nursing facilities. I am here today to testify in support of HB 1384 and ask for your support.

HB 1384 is in response to the lack of affordable housing in western North Dakota and our desire to help facilities address one of the top three issues impacting long term care facilities.

Sufficient staffing, available/affordable housing and day care are the top issues facing long term care facilities in the energy producing counties. Staff turnover and vacant positions are at record highs. All nursing facilities in northwestern North Dakota utilized contract nursing agencies to provide daily resident care because permanent staff and affordable housing are unattainable.

HB 1384 is one of three solutions we are proposing to help facilities statewide deal with the housing crisis. HB 1384 will:

1. Provide a housing allowance or the cost of subsidized housing as an allowable fringe benefit.
2. Adjust the nursing facility and basic care payment system to recognize the cost of real and personal property, owned and operated by the facility to provide housing for their staff. The subsidized cost of the employee housing may include depreciation, related interest and operating costs. The subsidized cost may not exceed \$750.00 per month per subsidized employee.

#1

HB 1384 will help long term care facilities address the cost and shortage of affordable housing. With HB 1384 the facility could provide a “housing allowance” for staffing and they can go out into the private market and secure their own housing. Or the facility can get into the housing business, by purchasing or building an apartment building/housing complex and thus provide “affordable” housing to their staff. The landlord, the long term care facility would be able to control the cost of rent for their employees.

At this point in time, I am only aware of one nursing facility in the housing business. Marian Manor HealthCare Center in Glen Ullin owns two apartment buildings. Facilities in Williston and Watford City are contemplating this option.

I have attached the testimony of Kurt Stoner, Administrator of Bethel Lutheran Nursing and Rehabilitation Center in Williston that he recently gave in front of House Appropriations – Human Resources Division. His testimony illustrates the challenges facing long term care facilities and their inability to attract and retain staff, with affordable housing, being a key issue.

Thank you for the opportunity to testify in support of HB 1384. I would be happy to answer questions you may have.

Shelly Peterson, President
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#2

**Testimony on HB 1012
House Appropriations – Human Resource Division
January 22, 2013**

Good morning Chairmen Pollert and members of the House Appropriations- Human Resource Division. My name is Kurt Stoner. I am the administrator of Bethel Lutheran Nursing and Rehabilitation Center in Williston, ND. Bethel is comprised of 168 skilled care beds, 19 basic care beds and 33 assisted living units. In addition our Foundation owns and manages 62 senior independent apartments.

I am here today to testify in support of HB 1012 with a 4% inflator and a \$1.00 salary increase for all skilled and basic care employees.

Bethel has provided care and services to our regions senior and at need population for over 64 years. I can honestly say our ability to continue this rich tradition has never been more challenged than it is as we sit here today.

Our audited financial statements for year ending, June, 30 2012 reflects a loss of operations of \$844,561 from skilled and basic care. During this time span Bethel hired 221 new employees. During this same time span 201 employees retired, resigned, or were terminated. Of the 201 employees 138 started and ended their employment within 12 months.

The vast majority of our new hires are not from Williston, the State of North Dakota, or even neighboring states. The competition for qualified employees in Williston is intense. Currently starting pay at Walmart is \$17.00 an hour, hotels pay \$15.00 per hour for housekeepers and for employment of supporting roles directly in the oil field, salaries are much higher. Facilities like Bethel must remain competitive if we are to deliver care and services.

In order to continue to meet the needs of our residents, Bethel, like many nursing facilities in Western North Dakota has had to utilize agency staff to supplement our staffing needs. In year ending June 30, 2012 Bethel spent 1.3 million on agency CNAs, LPNs and RNs. In addition to the added expense of utilizing agency staff, the dollars spent on overtime, call-in pay, and sign on bonuses is more than we have ever paid before.

As a result of the large increase in expenditures to maintain quality care Bethel now finds itself over the Direct Care limit. What this means for Bethel is approximately \$109,000 of Direct Care spending that cannot be included in our new daily rates.

Currently Bethel has open positions in nursing, laundry, housekeeping, activities and maintenance. Together these open positions account for 23 full time equivalents. I wish I could tell you that it is getting easier to be a non-oil related employer in Williston. You have probably all heard of the rapid expansion in housing and rental units in Williston. While it is true there is a lot of building taking place...it is unaffordable. I am not aware of any newly built, market rate apartment complexes with rents below \$2,200.00 for a two bedroom unit. In addition, in the past two years since I last addressed this committee, the majority of existing apartment complexes have been sold to new investors ready to make their fortune.

Recently an apartment complex that was built in the 1950's was sold and rents increased to \$2,000.00 per month with only a 30 day notice. Another large complex built in the early 1980's has steadily increased its rent to \$1450.00 for a two bedroom unit with a one month rent term. The tenant does not even get the peace of mind knowing their rent will remain the same for over a one month period.

Last Friday was the last day for my Activity Director. She has been forced to move back to her hometown of Watford City after her rent for the 3 bedroom apartment in Williston she was leasing increased to \$4,000.00 per month. The building had been sold and it was obvious the new owner needed it for their own employees.

On a bright note, Williston State College is currently building a 72 unit apartment complex designed for service workers. The units will be affordable, but in reality, they are just a fraction of the number of units in Williston that are no longer affordable. We have been told that Bethel may be able to utilize up to 10 of these units, at the present time we have more than that number of our current employees on a list who can no longer afford where they live.

Many of our employees live in smaller communities surrounding Williston, including eastern Montana. To some extent they are able to find housing somewhat more affordable. This also presents another challenge with the recent blizzard we experienced 11 call-ins who were unable to report to work.

The lack of affordable daycare in Williston is also a limiting factor for many who need to work. Our Human Resources Supervisor is limited to working two days a week because of the lack of daycare.

Senior care services were greatly diminished in Williston with the closure of the Kensington in December of 2012. As recently as 2010 the Kensington provided senior care to 39 Assisted Living tenants and 71 Basic Care residents. As a direct result of the Bakken today this facility houses only oil field workers.

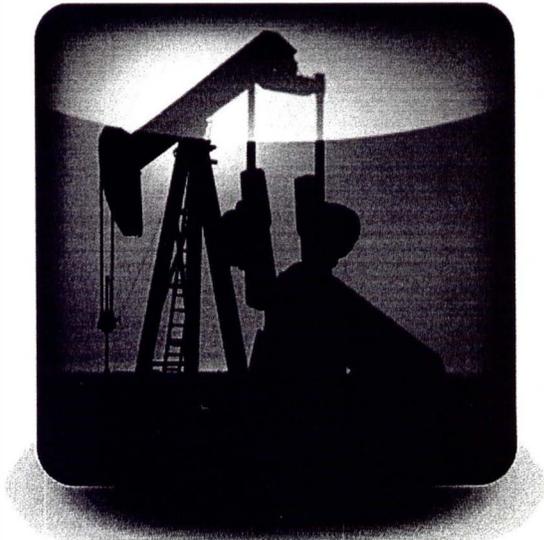
Recently our Long-Term Care Association was informed that the Good Samaritan Society will no longer operate the nursing facility in Crosby, ND. It is hopeful that the local hospital will take over operation. Sanford Health announced last week that they are closing their Underwood Nursing facility, citing a lack of staff and low occupancy as the two chief reasons.

If facilities are to remain viable we have to remain competitive in the market to attract caring, compassionate staff. The residents that we care for are the same residents that have made Western North Dakota what it is today. My hope is that we do not forget the sacrifices that these residents have made in times less fortunate as they find themselves now in need of our care.

Thank you for allowing me to share about Bethel's challenges as a provider of Senior Care Services in the heart of the Bakken. I ask for your support of HB 1012.

NDLTCA Issue Brief

Long Term Care Facilities Impacted by the Energy Boom



Long Term Care Needs:

- Sufficient staffing, available/affordable housing and daycare are the top issues facing long term care facilities in the energy producing counties.
- Nursing turnover and vacant positions are at record highs.
- All nursing facilities in North Western North Dakota utilized contract nursing agencies to provide daily resident care, because permanent staff are unattainable.

Three Solutions that will Help:

1. Have Nursing Facilities Qualify for Energy Infrastructure Grants
2. Expand Funding for Housing Incentive Fund with a Reliable Source of Funding
3. Allow Nursing Facilities and Basic Care Facilities to Provide Housing as an Employee Benefit



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#3

Testimony In Favor of House Bill 1384
House Human Services Committee
January 29, 2013

Chairman Weisz and members of the House Human Services Committee, I thank you for the opportunity to offer a real time observation of the difficulties healthcare facilities are presently experiencing. My name is Daniel Kelly, and I am the Chief Executive Officer of the McKenzie County Healthcare Systems, Inc. in Watford City, North Dakota. The McKenzie County Healthcare Systems, Inc. consists of the Critical Access Hospital, Skilled Nursing Facility, Basic Care Facility, Assisted Living Facility, Rural Health Clinic and the Connie Wold Wellness Center. While my focus today is mainly on our nursing home operations, many of my comments are also applicable to our hospital and rural health clinic.

Healthcare systems in general and the McKenzie County Healthcare System specifically are facing the following operational challenges:

- Staff Recruitment and Retention
- Increased Staffing Expense
- Housing
- Significant Rise in Bad Debt
- A Lack of Day Care

I will briefly address each of these.

Staffing Recruitment and Retention-We are experiencing an increase in open positions principally in dietary, housekeeping, maintenance and certified nurse aid positions. At any one time we have had a high of 32 to a low of 17 open positions. Long term employees that have come into oil income have retired or quit, their children are not seeking employment and individuals are leaving the area. In concert with the diminished workforce we are experiencing an inability to offer competitive wages. Despite having increased the starting wage of a housekeeper to \$11.00 they can work at the local gas station for \$14.00 per hour or elect to clean oil employee housing units for \$20.00 per hour.

Increased Staffing Expense-To maintain quality healthcare we have used "traveler staff." Our November Human Resources report notes that for that one month at the nursing home alone we incurred traveler staff expense of \$64,472.39. This expense was principally for Certified Nurse Aid and to a lesser extent, Licensed Practical Nurse coverage.

Housing- There is a shortage of affordable apartments and/or homes to purchase. Apartments easily rent for \$1500.00 and those few homes that are listed for sale have asking prices of in excess of \$250,000.00. I currently have staff that have

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accepted an employment offer but have not started working given they cannot find an affordable place to live. As is evident, the lack of affordable housing is a significant factor in our inability to recruit employees.

Significant Rise in Bad Debt- For the 2012 fiscal year the healthcare system wrote off \$1,218,185 in bad debt compared to \$659,284 for the prior fiscal year and \$300,151 for the preceding year. This despite our investing approximately \$50,000.00 in verification software and implementing up front collection processes. This impacts our hospital and clinic operations more than our nursing home.

Day Care- Our City and County are presently seeking ways to address this shortage. If we are able to overcome the obstacles of starting salary and housing often times the lack of day care for working mothers precludes our hiring much needed employees.

While we have and will continue to address these issues, recognizing employee housing allowances or employee housing cost subsidies as recognized costs, advocated for in House Bill 1384 will assist greatly by giving us the ability to assist our employees in securing an apartment.

I thank you for affording me this opportunity to share with you what is happening not only in western North Dakota but throughout the State. I would be happy to explain any of these items further or to answer any questions the committee may have.

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#4

Testimony
House Bill 1384 – Department of Human Services
House Human Services Committee
Representative Robin Weisz, Chairman
January 29, 2013

Chairman Weisz, members of the Human Services Committee, I am LeeAnn Thiel, Administrator of Medicaid Payment and Reimbursement Services of the Medical Services Division for the Department of Human Services. I am here today to provide information on House Bill 1384, regarding the estimated cost increase, and the Medicaid Upper Payment Limit.

The estimated impact was calculated on nursing facilities and basic care facilities located west of Highway 83. While nursing facilities in Bismarck, Mandan, Jamestown, Fargo, Grand Forks, and other cities east of Highway 83 are not included in the fiscal impact, the bill does not restrict these facilities from including as an allowable cost the cost of a housing subsidy, or the subsidized cost of operating housing owned, or operating by a nursing facility, or basic care facility in their cost report.

If any of the facilities that are not included in the estimated impact presented today choose to provide a housing subsidy, or provide subsidized housing, there would be an additional impact on the Medicaid program, and private pay individuals.

The estimated impact to nursing facility expenditures in the Medicaid program for the changes proposed in House Bill 1384 would be \$14,585,436 of which \$7,292,718 is general funds.

The estimated impact to costs for private pay individuals is \$12,640,446. The estimates for nursing facilities are for a time period of 18 months as nursing facility rates would be affected beginning January 1, 2014.

The estimated impact to basic care facility expenditures in the Medicaid program for the changes proposed in House Bill 1384 would be \$2,972,045 of which \$1,962,687 is general funds. The estimate for basic care facilities is for 24 months as the rates would be affected beginning July 1, 2013.

The fiscal note contains \$125,603 of which \$65,100 are general funds for salary and other expenses of the additional FTE that would be required for the significant impact to the duties of the nursing facility, basic care rate setting, and to ensure compliance with federal and state regulations.

The federal Medicaid regulations contain a requirement that Medicaid payments to institutional providers, including nursing facilities, in the aggregate, cannot exceed what Medicare would pay, in the aggregate, for the same care. This is known as the Upper Payment Limit (UPL). The UPL must be calculated yearly for each type of facility: private, state-government owned, and non-state government owned.

If the subsidized cost of operating housing owned or operated by a nursing facility is included as an allowable cost in the nursing facility rate setting system as outlined in House Bill 1384, it will directly impact the UPL for all three types of nursing facilities because these costs are not allowable costs under Medicare reasonable cost principles.

If this bill and/or the cumulative impact of legislation passed during the 2013 Legislative Assembly results in the UPL being exceeded for one or more of the facility types, the Department will need to reduce the Medicaid rates to comply with the UPL. Subsequently, because of equalized rates, the rates for private pay individuals would be reduced as well.

I would be happy to answer any questions that you may have.