

**2015 HOUSE HUMAN SERVICES**

**HB 1173**

# 2015 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee  
Fort Union Room, State Capitol

HB 1173  
1/27/2015  
Job #22635

- Subcommittee  
 Conference Committee

Committee Clerk Signature

*Beckie Stege*

## Explanation or reason for introduction of bill/resolution:

Provide an appropriation to the DHS for providing grants of home health services and hospice programs and to provide for a report to the budget section.

## Minutes:

Testimony 1-2

Chairman Weisz opened the hearing on HB 1173.

**Rep. Mike Lefor:** I represent District 37, Dickinson in the House, introduced and supported the bill. (See Testimony #1)

My background includes serving on a hospital board for 12 years, served on the CHI Home Health Board for four years. Home Health & Hospice Services is an entity that's on its own, it's not a hospital. Entities are losing money and need assistance to move forward with their mission of healing. If dollars are allocated to these agencies to apply for grants, that will get them through the next couple years.

5:56

**Rep. Mooney:** Are there other organizations out there that are involved with the home community based health services?

**Rep. Lefor:** This bill is not specific to CHI. Yes there are other agencies.

**Rep. Mooney:** Do you have any idea what the impact has been to the non oil producing counties?

**Rep. Lefor:** That is also a losing proposition in these other parts of the state.

7:12

**Sue Heitkamp:** Executive Director of CHI Health at Home testified in support of the bill. (See Testimony #2)

16:02

**Rep. Mooney:** Why is the reimbursement rate so low?

**Heitkamp:** The wage index in North Dakota is ranked as the third lowest. The lowest ranking is Puerto Rico, followed by Alabama, then North Dakota. Our two counties, Williams and Stark, our wage index is at a point seven. With the Frontier Amendment that was passed for any prospective payment hospitals, other than our critical access hospitals, their wage index is an automatic 1.0. That can be a difference of a couple million dollars.

**Rep. Fehr:** What is the impact to the people who would get the services in their home?

**Heitkamp:** There are no other services provided in those areas. We have people that we chose to admit to our home health agency, knowing that it could cause undue stress onto our agencies. We have gone into many homes where we had to be escorted by police. Without our services I don't have an answer for you on who would care for these people.

**Rep. Fehr:** If the agencies didn't exist then would people be hospitalized more? Would family members and county social services be expected to do more?

**Heitkamp:** Yes. One of the biggest goals is to keep the patient at home. By keeping them out of the hospital, it lowers health care cost. Long term care could even see an influx where people could be at home a longer time with our services, relieving stress from the families.

**Rep. Fehr:** You mentioned the reimbursement rate is low. Who are the reimbursement third party payers? How do they pay services? Are they bundled services?

**Heitkamp:** The services we get are a bundled payment of one lump sum for taking care of a client for 60 days. That payment is based off of a federal analysis that everyone would do the same type of data work to come up with a case mix weight. From state to state and region to region the weight and reimbursement varies - that is the wage index part, which is unfair in North Dakota. The federal legislation that passed the Frontier Amendment in 2010 is vital to our hospitals, especially rural hospitals. I am not against that, but it does not support Home Health & Hospice. We continue to be part of a low reimbursement weight based off the wage index, which impacts our staff numbers, cost of living, etc.

**Chairman Weisz:** What percentage of your cost of services is reimbursed?

**Heitkamp:** We are reimbursed by Medicare, Medicaid, Veterans Administration, commercial insurance, occasional self-pay. We also have our own charity care available to those who qualify. The reimbursement does not cover the cost that it takes to provide the care. We have to pay more in the western part of the state than the eastern part because of the cost of nursing.

**Chairman Weisz:** How much of your cost of providing the services are covered by third party reimbursement?

**Heitkamp:** Maybe 70%.

**Rep. Porter:** Is your agency a separate stand-alone non-profit?

**Heitkamp:** It is a stand-alone. We belong to CHI, but we are not financially combined with them or any hospital.

24:15

**Rep. Porter:** Can you provide us financial information so we can see the income and expenses in the business operation?

**Heitkamp:** Yes.

**Rep. Porter:** I would also like to see the reimbursement schedule from Medicare and Medicaid in regards to your 60 day lump sum Preferred Provider Organization payments.

25:48

**Wes Well, Chairman of CHI Home Health Board of Directors:** Testified in support of HB1173.

We are statewide and have a couple of agencies in Minnesota. We can share the financial information of the two agencies that are most affected by the bill. The accumulated net loss is \$580,000 in Dickinson and \$757,000 in Williston. We cannot sustain these services in those locations under these conditions. Our clients are the most vulnerable and needy, and they are the ones who have had the least benefit from the amazing things that are happening in our state. Our board is made up of all volunteers from the communities that are represented by the agency. We have very little control of the revenue we get from Medicare and Medicaid. We have very little expense control in those locations, due to the certain amount of required care on a 24-hour basis. We aggressively look for donations. Our folks are caregivers and not fund raisers. Our limited staff is focused on the care of individuals. We haven't had a year in the black for five years in those agencies since we started.

33:37

**Rep. Fehr:** Beyond the infusion of money, what will make these programs sustainable?

**Well:** It will take time. We need to get through this period of time and allow the disparity of expenses, in those locations, to normalize. It is just nurses in these locations - no buildings, equipment etc. We will need time to normalize the expense versus the reimbursement. We will need to look to a lot of different public & private entities, for example, fund raising and grant writing. We need help and need it quickly. Our accumulated net loss is projected to be around \$465,000 by the end of June 2015. We will have another year with a six figure deficit, and it's not sustainable.

**Rep. Fehr:** How much significant savings could there be if you were able to successfully recruit regular employees?

**Heitkamp:** The total amount spent in the first 3 fiscal years of 2011-2014 was \$250,000. That was just in Dickinson and Williston. An actual home grown nurse compared to a travel nurse would cost us the difference of \$250,000.

**Rep. Rich Becker:** Would corporate sponsorship be part of the solution? Has the oil industry been approached to be a part of the solution? I would assume they would see the need and would benefit.

**Well:** I'm not aware of any large corporate donations coming from those locations. They would be logical supporters to approach. Within our group of agencies, we have done local fund raisers that have become more active this past year to year and a half. A majority of our funds are coming in at \$500 - \$5,000 at a time from communities with established agencies.

## **NO OPPOSITION**

5:00

**Rep. Porter:** In regards to hospice, can you give us a brief overview on how the reimbursement system for Medicaid works? How does it match up to Medicare?

**LeeAnne Theil:** I'm with the Department of Human Services. Medicaid and hospice rates are established based upon indicators established at the federal level. The wage index is a component of that, and that is customized to North Dakota. It is reimbursed by a per visit basis. At this point, we don't follow what Medicare does with the 60 day perspective rate.

**Rep. Porter:** In regards to a hospice patient, is there a way to show us in dollars how that would work with a couple different patient types (care required), what the reimbursement would be from the department?

**Theil:** Yes, we can come up with an example of a typical hospice patient.

**Rep. Porter:** Inside of the department, is the hospice reimbursement for a Medicaid patient the same, 50% federal and 50% state?

**Theil:** Yes, we would get our 50% federal match on those.

**Rep. Porter:** In the dual eligible type patient, does Medicaid participate for other expenses up to the Medicaid reimbursement level? Or do you participate as a component of the Medicare, or don't participate at all in a dual eligible?

**Theil:** If someone is dual eligible the Medicaid portion would cover their co-insurance and deductible from the Medicare portion of it - whatever the patient's responsibility is.

**Rep. Porter:** As far as the Medicaid program is concerned, what are the patient numbers in those regions? What would happen if we were to look at that same dollar amount, but plugging it into the Medicaid fee schedule to get the 50% match, and increase the reimbursement rate to all providers?

**Theil:** Yes, we can do that.

Chairman Weisz closed the hearing on HB 1173.

# 2015 HOUSE STANDING COMMITTEE MINUTES

Human Services Committee  
Fort Union Room, State Capitol

HB 1173  
2/9/2015  
23455

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

A bill for an Act to provide an appropriation to the department of human services for providing grants for home health services and hospice programs; and to provide for a report to the budget section.

## Minutes:

Chairman Weisz: Reconvened hearing on HB 1173.

Rep. Porter: I am going to start where I left off... We heard from the healthcare system which is the largest non-profit healthcare system in the United States. Their Hospice home health unit has a standalone nonprofit company. Then, they asked us to fund it. There is Surge money, oil-impact grants, and all sorts of other programs to fund it. I don't see a reason why they peeled it off and created its own stand-alone entity. This is starting out as a one-time program and we have already found out that it is the second biggest lie that you will ever hear. I can't just support a new program when we are cutting everything else that exists. This certainly wasn't in the Governor's budget.

Rep. Anderson: I know in Pierce County that the Hospice program is funded by volunteers and fundraisers. It seems to work for them.

Chairman Weisz: I will say this committee, I don't know how you could say that this is one time funding. I didn't hear any testimony that said "If you get us through the biennium, this is how we will cover the funding for hospice. It is hard to argue that this would be one-time funding.

Rep. Fehr: I was thinking that in the previous bill that we had a trigger in there, could we not do the same?

Chairman Weisz: Are you suggesting an amendment?

Rep. Fehr: Yes, but I don't have the wording.

Chairman Weisz: The original bill does come out of the SIIF fund. You can give it the exact same language that came out of the other bill.

Rep Fehr: Moves to add the language from HB 1286, "The average price for a barrel of oil is at least \$75."

Rep. B. Anderson Seconds the Motion

Chairman Weisz: The bill basically stays the same except it is now triggered by the \$75 dollar a barrel.

Voice Vote: The Aye's have it.

Motion Carries for amended bill.

Rep. Porter: I still think this is the wrong path for us to take, why should we start a new program when we have all these other programs that are already being funded. **Moved to for A Do Not Pass as Amended Roll Call Vote.**

Rep. Mooney: It was interesting to hear Rep Porter's comments on the separation. I resist HB 1173 based not only on the separation, but also on the fact that it would only affect oil producing counties. **Seconded the Motion.**

**Roll Call Vote: 9 Yes, 4 No, 0 Absent.**

**Do Not Pass as Amended Carries.**

**Rep. D. Anderson Carries the Bill**

*SR*  
*2/9/15*

February 9, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1173

Page 1, line 1, replace the second "an" with "a contingent"

Page 1, line 5, after the the bold period insert "**CONTINGENT**"

Page 1, line 13, after the period insert "The office of management and budget may transfer the funds under this section if the average price for a barrel of west Texas intermediate cushing crude oil, as those prices appear in the Wall Street Journal, during the period beginning July 1, 2015, and ending December 31, 2016, is at least \$75."

Renumber accordingly

Date: 2-9-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1173

House Human Services Committee

Subcommittee

Amendment LC# or Description: see below

Recommendation:  Adopt Amendment  
 Do Pass     Do Not Pass     Without Committee Recommendation  
 As Amended     Rerefer to Appropriations  
 Place on Consent Calendar  
Other Actions:  Reconsider     \_\_\_\_\_

Motion Made By Rep Fehr Seconded By Rep Anderson

Representatives	Yes	No	Representatives	Yes	No
Chairman Weisz			Rep. Mooney		
Vice-Chair Hofstad			Rep. Muscha		
Rep. Bert Anderson			Rep. Oversen		
Rep. Dick Anderson					
Rep. Rich S. Becker					
Rep. Damschen					
Rep. Fehr					
Rep. Kiefert					
Rep. Porter					
Rep. Seibel					

*Voice vote*  
*carried*

Total (Yes) \_\_\_\_\_ No \_\_\_\_\_

Absent \_\_\_\_\_

Floor Assignment \_\_\_\_\_

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

*triggered by 95 barrel*

Date: 2-9-15  
 Roll Call Vote #: 2

**2015 HOUSE STANDING COMMITTEE  
 ROLL CALL VOTES  
 BILL/RESOLUTION NO. 1173**

House Human Services Committee

Subcommittee

Amendment LC# or Description: 15.0501.02001

- Recommendation:  Adopt Amendment  
 Do Pass  Do Not Pass  Without Committee Recommendation  
 As Amended  Rerefer to Appropriations  
 Place on Consent Calendar  
 Other Actions:  Reconsider  \_\_\_\_\_

Motion Made By Rep. Porter Seconded By Rep. Mooney

Representatives	Yes	No	Representatives	Yes	No
Chairman Weisz	✓		Rep. Mooney	✓	
Vice-Chair Hofstad	✓		Rep. Muscha	✓	
Rep. Bert Anderson		✓	Rep. Oversen		✓
Rep. Dick Anderson	✓				
Rep. Rich S. Becker	✓				
Rep. Damschen	✓				
Rep. Fehr	✓	✓			
Rep. Kiefert	✓	✓			
Rep. Porter	✓	✓			
Rep. Seibel		✓			

Total (Yes) 9 No 4

Absent 0

Floor Assignment Rep. D. Anderson

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

**REPORT OF STANDING COMMITTEE**

**HB 1173: Human Services Committee (Rep. Weisz, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS** (9 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING). HB 1173 was placed on the Sixth order on the calendar.

Page 1, line 1, replace the second "an" with "a contingent"

Page 1, line 5, after the the bold period insert "**CONTINGENT**"

Page 1, line 13, after the period insert "The office of management and budget may transfer the funds under this section if the average price for a barrel of west Texas intermediate cushing crude oil, as those prices appear in the Wall Street Journal, during the period beginning July 1, 2015, and ending December 31, 2016, is at least \$75."

Renumber accordingly

**2015 TESTIMONY**

**HB 1173**

#1  
HB 1173  
1-27-15

HB 1173

Testimony of Representative Mike Lefor

Good morning Chairman Weisz and members of the Human Services Committee, my name is Mike Lefor and I represent District 37 - Dickinson in the House. This bill gives Home Health and Hospice agencies in oil impacted areas the ability to apply for a grant to assist in the operation of these entities.

Today, I have with me two individuals, first Wes Well, the chairman of the CHI Home Health Board of Directors as well as Sue Heitkamp, the executive director for CHI Home Health.

For many years this agency has done an outstanding job in tending to the needs of those home bound individuals providing a wide array of services. This takes a lot of stress off of the patient and their care givers. Many times, family members will be concerned and not knowing whether their loved one has a serious health issue or if they are in need of medication. These dedicated health care professionals provide a valuable service to many people in these impacted areas.

In addition to that, when people are coming to the end of their life, hospice provides the services needed to assist not only the patient but their family as well to understand this very difficult process.

Due to the the difficult circumstances surrounding oil impacted areas of the state, it has become very difficult for these agencies financially. There are many reasons for this including the high cost of recruiting and retaining professionals.

Currently, it costs between \$2000 -\$3000 per month to rent an apartment making it difficult to attract qualified professionals. We have reached a critical point as these operations are losing money and need assistance to keep moving forward with their mission of healing.

#1

I am hopeful that if these dollars are allocated for these agencies to apply for grants, that it will get them through the next two years and that things in oil impacted areas will settle down so that these grants won't be necessary.

The speakers that follow me will be giving more specific information and be able to answer your questions in better detail.

Members of the committee, these agencies have had their budgets trimmed, their labor force consolidated and need some assistance to remain viable. Mr. Chairman and members of the committee, I am asking for a "do pass" recommendation and I will be happy to answer any questions.

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#2

HB1173

1-27-15

Testimony for Public Hearing  
Human Services Committee  
1-27-2015

Sue Heitkamp  
Executive Director  
CHI-Health at Home

**H.B. No 1173 Human Services Committee – Strategic Investment and Improvements Fund**

Good morning and thank you for giving me the opportunity to speak with you regarding House Bill 1173.

As the Executive Director of CHI-Health at Home I provide leadership to nurses; experts in the home health and hospice field on the front lines trying to meet the rapidly changing health care needs in our oil producing counties. Our mission drives us to do everything we can to meet these needs. In the past four years we have been challenged by the dynamic environment found within the oil producing regions of Williston and Dickinson. As their leader, I am here today to ask for your support in providing an appropriation to the Department of Human Services to administer grants to home health and hospice programs providing these much needed services in our oil-producing counties.

Catholic Health Initiatives (“CHI”) is a nonprofit health system which operates under the core values of Reverence, Integrity, Compassion and Excellence. While most of you are familiar with our hospitals located throughout North Dakota, you are probably unaware that CHI also operates a Home Health and Hospice Market Based Organization (MBO). This MBO provides home health and hospice services in seven communities throughout North Dakota. Their impact is felt not only within those communities, but far reaching with an average of 50 mile radius surrounding each of these hometowns. Two of our largest agencies are in the heart of the oilfield- Dickinson and Williston. These agencies- as well as several others within our MBO- were listed as some of the top ranked within the United States. Clinicians in our home health and hospice agencies ensure that rural North Dakotans can maintain their way of life. This care is provided by an interdisciplinary team of experts. Registered nurses provide wound care, IV therapy, and disease management for a host of illness. Nurses assess, teach and provide

cares to our elderly and frail within their own home. Medication management with education on how to manage these medications is paramount to keeping these folks and others with health issues in their own homes. Providing bath aides for personal cares allows a client to bathe without the fear of falling. Therapy staff- physical, occupational and speech therapists- provide therapy in home to maintain independence and achieve their ultimate goal- staying at home. Each of our agencies are able to provide both home health and hospice services-allowing transition to end of life care as that time approaches. Hospice service ensures that North Dakota citizens are given the opportunity to die with dignity and respect surrounded by loved ones. Our hospice interdisciplinary team includes medical directors, registered nurses, social workers, chaplains, volunteers and aides- each expertly trained on provided the best possible care at the end of life.

The challenges presented in western North Dakota are overwhelming and are currently compromising our ability to provide these essential home health and hospice services. This much needed care is threatened due to the limitations of finances and staffing. Our Williston home health and hospice agency serves the counties of Williams and McKenzie. The Dickinson agency serves Billings, Dunn, Hettinger and Stark counties. While our Williston and Dickinson agencies have served a combined 1,200 home health clients and 400 hospice clients in the past three fiscal years, we are struggling to meet the continued financial demand needed to provide service in this area.

Although the trials of the past decade have presented a challenge for many health care providers throughout our state, the challenges in Western North Dakota are particularly significant. The inability to hire competently trained nurses due to housing issues and competitive oil wages has made it impossible to operate our western agencies without the aid of "travel nurses." Travels nurses agree to provide short term services at a *significant* cost increase. Between fiscal year 2011 and 2014, our Williston and Dickinson agencies paid an extra \$250,000 for travel nurse salaries. These travel nurses

#2

often struggle with cultural and language barriers, which lowers their productivity and decreases their level of client care. Our citizens deserve better.

As the community in western North Dakota expands, the needs of the community have gotten more complex and routinely present a safety issue for our staff. While our nurses often go above and beyond in their duties by making visits to clients with sleeping quarters in bars, garages or make-shift shelters; the recent rise of substance abuse issues in western North Dakota now makes it unsafe for nurses to travel alone, thereby doubling our staffing costs. Adding to this increased expense is the fact that our nurse, therapy and aide travel costs have virtually doubled in the past few years. While a typical trip from Williston to a client's home in Alexander used to take an average of 25-35 minutes, the average trip now takes well over one hour. From Dickinson to Killdeer; depending on the day- a normal trek of 30 minutes can take one hour.

Despite the fact that home health services are significantly less expensive than a hospitalization; home health and hospice agencies are all too often overlooked. The 2010 Frontier Amendment which boosts Medicare reimbursement levels for North Dakota hospitals and doctors is expected to provide North Dakota hospitals and doctors with an influx of more than \$650,000,000 over the next decade. While the Frontier amendment is vital to preventing a disruption in the quality of inpatient care to thousands of North Dakota citizens, it provides no assistance for home care or hospice. Ten years ago, patients that were in the hospital for 4-5 days are now sent home after a few hours in the emergency room or a half-day in the same day surgery center. Home health care is at their door step the next morning, providing the care that was normally done within a hospital setting.

I submit to you today that there is nothing more important to your constituents than the ability to receive the specialized care of home health and hospice-without that care costing them their family or well-being. I submit to you today that there is nothing more important for the citizens who built this great state than the ability to die with dignity and respect- in the place that they choose to die. As North

#2

Dakotans we often pride ourselves on our rural values and way of life. Home health and hospice makes that way of life possible and is essential to continuing those rural values. For these reasons I urge you to support HB 1173.

Hospitals

Home Health Agencies

