

**Testimony**  
**Engrossed House Bill 1090 – Department of Human Services**  
**Senate Human Services Committee**  
**Senator Judy Lee, Chairman**  
**March 9, 2021**

Chairman Lee, members of the Senate Human Services Committee, I am LeeAnn Thiel, Assistant Director of the Medical Services Division, for the Department of Human Services (Department). I am here today in support of Engrossed House Bill 1090, which was introduced at the request of the Department.

This bill is a product of work that was directed by the Legislature in the previous legislative session. At that time, this committee was keenly interested in ways that the current nursing facility payment system could be reformed. During the 66<sup>th</sup> Assembly Senate Bill 2012 directed the Department to investigate and propose new methodologies for paying nursing facilities. Throughout 2019 and 2020, the Department worked with the North Dakota Long Term Care Association (NDLTCA) to study and develop new payment models for the care of residents and property. The resulting new payment models demonstrate a commitment to incentivize efficiency and promote property renovation, which improves the quality of life for residents, while simultaneously safeguarding taxpayer dollars. Engrossed House Bill 1090 proposes changes to North Dakota Century Code chapter 50-24.4 that reflect the agreed upon new models of payment. The Department especially thanks the NDLTCA for their resources and time committed to this process. This was genuinely a collaborative effort.

Through my testimony today I aim to accomplish two things: 1) review two handouts with the committee members that describe the proposed payment systems, and 2) explain Engrossed House Bill 1090's proposed changes to North Dakota Century Code chapter 50-24.4.

First, I ask the Chair's permission to review two short handouts that accompany this testimony. The handouts provide an overview of how care and property are paid for in the current system and how they will be paid under the proposed new system.

Second, I would like to describe changes to North Dakota Century Code chapter 50-24.4 that were included in Engrossed House Bill 1090. This chapter of North Dakota Century Code details the definitions and reimbursement of nursing facilities for care and property.

Section 1 adds three definitions for components within the new payment models and removes two definitions.

Section 2 removes the timeframe for the Department to set rates. The Department will be proposing updates to this timeframe in administrative code for the new payment models.

Section 3 describes how operating costs are assessed and reimbursed. The language outlines that:

- starting in 2022, the Department will establish price limits for the cost categories for care;
- the limits will be set consistent with the 2021 limits;
- future inflation will be based on the Skilled Market Basket;

- providers will be able to choose between the “old rate” and the “new rate” for 2022 and 2023;
- costs will be rebased for the 2024 rates using 2023 data; and
- Information technology costs are still allowed as a pass through.

Section 4 describes how property related costs are assessed and reimbursed. The language outlines that:

- a fair rental value system will be used to set rates for property;
- new construction or renovation projects must have agency approval by December 31, 2021;
- the differential property payment must be used for property related expenses; and
- providers can choose between the “old property-based rate” and the “fair rental value rate” until their “new rate” is more than their old rate.

The change in Section 5 removes outdated language and is unrelated to the new payment models.

This concludes my testimony. I would be happy to answer any questions you may have.