NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON LONG-TERM CARE

Tuesday, September 16, 1997
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Bill Oban, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Bill Oban, Grant C. Brown, Mike Callahan, Ron Carlisle, James O. Coats, Jeff W. Delzer, Gereld F. Gerntholz, Shirley Meyer; Senators Aaron Krauter, Evan E. Lips, Harvey Sand, Russell T. Thane

Members absent: Representative Lynn J. Thompson; Senator Bill L. Bowman

Others present: See Appendix A

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

Mr. Fred Larson, Department of Health, presented information on the June 1996 report of the Task Force on Long-Term Care Planning. A copy of his presentation is on file in the Legislative Council office. He said the legislation which repealed the certificate of need as of August 1, 1995, also called for a study of the long-term care system and the preparation of a comprehensive report by the Legislative Council. Mr. Larson said this was to be done in conjunction with the Health Council and the Department of Human Services. He said the State Health Officer and the executive director of the Department of Human Services formed the Task Force on Long-Term Care Planning to help fulfill this task.

Mr. Larson said the mission of the task force is to assist the executive and legislative branches of North Dakota government in the design of a long-term care social health system that is responsive to the needs of North Dakota's citizens and demonstrates a cost-effective use of resources and to assist in the development of the tools or incentives needed to cause a long-term care marketplace to evolve on a defined timeline into the designated system.

Mr. Larson reviewed the June 1996 report recommendations relating to service inventory, distribution, and service alternatives. He said positive action has been taken on each of the committee's short-term recommendations. He said in regard to the recommendations for longer term consideration, all are being looked at by this committee.

Mr. Larson said North Dakota is one of the 12 states featured in the recently released report titled *Long-Term Care Reform in the States*. He said the report was published by the National Conference of State Legislatures.

Chairman Oban said the Legislative Council staff would check on getting a copy of the report for each committee member. He said if copies are available they will be provided to committee members.

In response to a question from Representative Delzer, Mr. Larson said the state currently has approximately 75 nursing facility beds per 1,000 residents over 65 years of age. Mr. Larson said the national average is below 50 beds per 1,000.

Mr. David Zentner, Department of Human Services, presented information on the June 1996 report of the Task Force on Long-Term Care Planning ad hoc committee on financing of long-term care. A copy of his presentation is on file in the Legislative Council office. Mr. Zentner said the ad hoc committee on financing of long-term care was given the responsibility of reviewing the financing of long-term care services and making recommendations for changes that would encourage the use of alternative long-term care services and provide fiscal relief by slowing the growth of Medicaid expenditures for nursing facilities.

Mr. Zentner reviewed the June 1996 report recommendations made by the ad hoc committee on financing of long-term care. He said the recommendations were adopted by the Task Force on Long-Term Care Planning and were well received by the 1997 Legislative Assembly. He said progress has been made toward the expansion of alternative long-term care services for elderly and disabled citizens. He said much is left to be accomplished, and the major issue facing the financing of long-term care relates to the current payment system and how it can be used to enhance the prospects of providing additional cost-effective home and community-based services.

Representative Brown asked if the state would have a sufficient service network to meet all of the long-term care demands if the state were to get down

to 60 beds per 1,000 residents over age 65. Mr. Zentner said that would be an adequate level if it was used properly.

Senator Thane asked if the priority of the Legislative Assembly in regard to long-term care should be on cost containment or quality of care. Mr. Zentner said the state has to reach a balance, considering both quality of care and cost containment when looking at changing the long-term care system.

Ms. Linda Wright, Department of Human Services, presented information on the June 1996 report of the Task Force on Long-Term Care Planning's ad hoc committee on case management. A copy of her presentation in on file in the Legislative Council office. Ms. Wright reviewed the June 1996 report recommendations made by the ad hoc committee on case management and the current status of each recommendation. She said the current ad hoc committee on qualified service providers, training, service availability, and case management pilot projects will monitor the implementation of the recommendations approved by the 1997 Legislative Assembly.

Ms. Yvonne Smith, Department of Human Services, presented information on the status of long-term care services in North Dakota. A copy of her presentation is on file in the Legislative Council office. Ms. Smith said although most North Dakotans prefer to remain in their homes or in alternative community settings as long as possible before entering a nursing facility, the state has relied primarily on nursing facilities to provide long-term care services. She said the state continues to spend a very high percentage of its adult long-term care dollars on nursing facility care for the elderly and disabled populations.

Ms. Smith said the appropriation for nursing facility services for the 1997-99 biennium is $244.6 million. She said this represents approximately 50 percent of the $486.6 million budgeted for traditional medical services, excluding institutional and home and community-based services for the developmentally disabled. She said the current appropriation for the elderly and disabled home and community-based waiver is approximately $4.6 million plus an additional $1.1 million for the cost of implementing the spousal impoverishment provisions for home and community-based services. She said this total of $5.7 million is only 2.3 percent of the total Medicaid funds appropriated for long-term care services in the 1997-99 biennium. Ms. Smith said the appropriation for the 1997-99 biennium for the basic care program totals $6.1 million, of which $5.6 million is general fund money. She said the total appropriation for alternative services is $24 million, which represents only 8.9 percent of the appropriation for long-term care services in North Dakota.

Ms. Smith said although the state is making progress in developing alternatives to long-term care, the percentage of nursing facility residents at the two highest functioning classification levels still makes up 24.8 percent of the resident population. She said many of these individuals currently entering nursing facilities could have their needs met through home and community-based services or alternative residential settings.

Representative Oban said it appears this is a budgeting issue. He said the Legislative Assembly is continuing to allocate more money into nursing homes. He said hopefully in future budget cycles more money can be allocated to home and community-based services and other alternative areas.

The Legislative Council staff presented a memorandum comparing assisted living, congregate housing, basic care, and nursing homes. The memorandum provided definitions for assisted living, congregate housing, basic care, and nursing homes. The memorandum also compared the services provided, funding sources, and licensure requirements of assisted living, congregate housing, basic care, and nursing homes.

Senator Sand said the memorandum indicates that assisted living facilities and congregate housing facilities currently are not licensed by the state. He said he hopes that facilities such as these can continue to operate without having to go through a state licensure process.

Representative Oban asked how many assisted living facilities are located in the state. Ms. Wright said that in practice assisted living facilities are defined so differently that it is difficult to come up with a definitive list of what is an assisted living facility and what is not.

Representative Oban said during the 1997 legislative session the department had a list of eligible individuals not currently being served by any of these programs. He asked if the department could update that information and present it at the next committee meeting. Ms. Wright said that could be done for the next meeting.

Representative Gerntholz asked if the comparison of assisted living, congregate housing, basic care, and nursing homes could be expanded for a future meeting to include the same types of information on swing beds, subacute care, and acute care. Chairman Oban said that would be included on the next meeting agenda.

BASIC CARE RATE EQUALIZATION

Ms. Barb Fisher, Department of Human Services, presented information on the basic care rate equalization study. A copy of her presentation is on file in

the Legislative Council office. She said the study of basic care rate equalization has been assigned to the ad hoc committee on financing incentives. She said the committee will be reviewing information on the fiscal impact of rate equalization as well as obtaining information and opinions from industry personnel.

Ms. Fisher said at this committee's last meeting she presented information showing the impact rate equalization would have on private pay residents and the state basic care program. She said the information has been updated using calculated basic care rates and private pay rates as of September 5, 1997. A schedule showing the updated information is attached as Appendix B.

Ms. Fisher said the schedule compares the current rate to the rate that would be based on the proposed ratesetting methodology for rate equalization. She said the increased cost for 1997 for the basic care assistance program would be $377,259 and the increase to private pay residents would be $229,577 if rate equalization was implemented.

Ms. Fisher said there has been previous testimony that rate equalization is necessary because facilities shift costs not covered by the basic care assistance program to private pay residents. She said her data indicates that only three facilities shift costs to private pay residents. She said the three facilities include Bethel Lutheran in Williston, Baptist Home in Bismarck, and Good Shepherd in Watford City. She said these three facilities are all combination facilities which means they are operated in conjunction with a nursing facility, hospital, or assisted living facility. She said these three facilities have a total of 38 of the statewide total of 1,180 licensed beds or 3.2 percent of the total beds. Ms. Fisher said if rate equalization were to be implemented as proposed, 417 private pay residents could experience an increase in their current rates while 150 could have a decrease.

Ms. Fisher said rate equalization could have a detrimental effect on the expansion of alternatives to nursing facility care and could close the doors to assistance clients since providers could choose not to participate and take only private pay individuals. She said there are currently six licensed facilities which take only private pay residents and do not participate in the state's basic care assistance program.

Representative Oban asked about the impact of the operating margin going from two percent to three percent and from the 80th percentile to the 90th percentile. Ms. Fisher said the cost of the operating margin change is $45,333.

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, Legislative Council, said basic care rate equalization legislation is in effect but has a delayed implementation date. He said based on the information provided today both private pay and state pay residents would have increased rates. Mr. Nelson asked what the cost impact would be of rate equalization if it were done under the current ratesetting methodology instead of the proposed ratesetting methodology but still equalized between private pay and state pay residents. Ms. Fisher said by removing the incentive component of the proposed ratesetting methodology, the estimates would be close to the current ratesetting methodology. She said if this were done the basic care assistance program would go from an estimated increase of $377,259 for 1997 to an estimated increase of $111,586 and private pay would go from an estimated increase of $229,577 for 1997 to an estimated decrease of $51,822.

Mr. Nelson said the Council is expecting a recommendation from this committee relating to this issue. He said the recommendation can be regarding any component of basic care rate equalization or the elimination of basic care rate equalization.

Representative Oban asked if the task force will be reviewing all of the aspects of basic care rate equalization. Ms. Fisher said the task force will be reviewing all issues relating to basic care rate equalization, including receiving information from industry officials. She said the basic care rate equalization methodology is paralleling the nursing home ratesetting.

In response to a question from Senator Krauter, Ms. Fisher said the proposed operating margin and incentives are the same as what is provided for skilled facilities.

Mr. Tim Exner, Rock of Ages, Inc., 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 unanimous 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 strongly suggests that this interim committee support legislation which would 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 took this position because of the following reasons:

1. Equalization of rates will not cost less.
2. Currently, the great majority of basic care facilities do not cost shift.
3. Thirty percent of the basic care providers are owners and 70 percent are operated by nonprofits.
4. The basic care industry has acted responsibly in setting their private pay rates and do not feel government needs to intervene in an area where a problem does not exist.

Mr. Exner said although they are recommending that rate equalization not be implemented, they do believe some changes to the ratesetting process may be appropriate. He said for this reason they are willing to work with the subcommittee of the Long-Term Care Task Force working on the basic care rate-setting process.

The committee recessed for lunch at 11:55 a.m. and reconvened at 1:05 p.m.

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

Mr. Zentner presented a progress report on the implementation of the pilot projects for Alzheimer's and related dementia populations. A copy of his presentation is on file in the Legislative Council office. He said the department received only one proposal for a pilot project for Alzheimer's and related dementia populations and that proposal was rejected because it did not contain adequate cost data to determine if the project would be cost-effective. Mr. Zentner said it was disappointing that no acceptable proposals were submitted because the industry was supportive of these projects during the 1997 legislative session.

Mr. Zentner said the department and the Long Term Care Association held an informational meeting for any provider interested in pursuing a pilot project. He said at the meeting it was determined that rather than issuing another request for proposals, interested facilities could negotiate directly with the department to develop a contract that would be mutually acceptable to both parties.

Mr. Zentner said as a result of the meeting and other contacts made by the department, three entities have been identified as being possible pilot projects for the Alzheimer's and related dementia populations. He said the three facilities are the Good Samaritan Society which is interested in developing up to three projects, the Baptist Home of Kenmare, and High Acres Manor in Jamestown. He said the Good Samaritan Society has not identified the nursing facilities where the pilot projects would be located.

Mr. Zentner said the entities will need several months to develop their proposals which will then need to be reviewed by the department to ensure that the proposals meet the intent of the language contained in House Bill No. 1012, as passed by the 1997 Legislative Assembly. He said although no projects will be operational in the near future, the department is still convinced that this approach has the potential to deliver appropriate quality services to Alzheimer's and related dementia populations in a less restrictive, cost-effective social model than is currently provided in a nursing facility setting.

Ms. Shelly Peterson, North Dakota Long Term Care Association, commented on the Alzheimer's and related dementia population pilot projects and the expanded case management pilot projects. She said the Long Term Care Association is interested in the Alzheimer's and related dementia population pilot projects and wants the pilot projects to be successful. She said for a variety of reasons various institutions reviewed the request for proposal and were unable to submit a proposal.

Ms. Peterson said the Long Term Care Association opposed subacute care units a few years ago. She said the association thought it would be an expensive form of care and that nursing facilities could provide the services more cost-effectively. She said there are now four hospitals, two in Bismarck and two in Fargo, that provide subacute care services. She said because of the opposition voiced by the association, the two hospitals in Fargo agreed to fund a position in her office to collect data on who is being admitted, the diagnosis, the length of stay, and the disposition status after transfer from a subacute care unit for all admissions into the subacute care units in Fargo. She said there are currently 83 subacute care beds between the two cities and that when all of the beds are filled the cost to the Medicare program is just under $1 million per month. She said this is a very costly form of care. Ms. Peterson said her office would be happy to share the information with this committee at a future meeting. Chairman Oban said a presentation of this information would be included on the next meeting agenda.

Senator Krauter asked where the proposed Mandan long-term care hospital fits into the long-term care spectrum. Ms. Peterson said the facility will be licensed as a long-term care hospital and in order to be admitted to it a person must meet the acute care admission criteria. She said she has heard the Mandan hospital will be discontinuing its swing bed care and that any patient in a swing bed in the Mandan hospital will need to be placed in another facility unless that individual meets acute care admission criteria and can then be admitted into the long-term care hospital.

Ms. Peterson said the committee may be interested in inviting a representative from Medcenter One to address the committee on the long-term care hospital facility being planned for Mandan. Chairman Oban indicated that Medcenter One would be contacted about being on the next agenda to discuss the proposed facility in Mandan.

Ms. Wright presented information on the expanded case management pilot projects. A copy of her presentation is on file in the Legislative Council office. She said following the review in ranking of all proposals for the expanded case management pilot projects, one was selected for funding. She said the

successful applicant was Burleigh County Social Services. Ms. Wright said none of the remaining proposals met the criteria established for the pilot projects and therefore a second request for proposals was advertised.

Ms. Wright said the second review process was held on August 18-19 and Senior Meals and Services, Inc., a nonprofit agency serving the counties of Towner, Eddy, Benson, and Ramsey, was a successful applicant for a pilot project. She said the Burleigh County project is projected to start September 1, 1997, and the Senior Meals and Services, Inc., pilot project is projected to start September 30, 1997. She said both projects will continue until the end of the 1997-99 biennium. Ms. Wright suggested that the committee may want to invite representatives of both Burleigh County Social Services and Senior Meals and Services, Inc., to a future meeting to present information about their pilot projects.

Chairman Oban indicated that both entities would be invited to attend a future meeting to discuss their pilot projects.

Representative Callahan asked if there was any interest from nursing homes in the expanded case management pilot projects. Ms. Wright said one nursing home submitted a proposal for the expanded case management pilot project.

Mr. Tim Burchill, St. Vincent's Nursing Home, discussed why his facility did not submit a proposal for the Alzheimer's and related dementia population pilot projects. He said St. Vincent's Nursing Home currently has a 20-bed unit for Alzheimer's patients. He said the individuals in the unit have a great need for skilled nursing services.

Mr. Burchill said the individuals in the Alzheimer's units have come from within St. Vincent's Nursing Home and have progressed through the various stages of dementia and Alzheimer's to be needing the special care provided in the Alzheimer's unit. He said the unit does not fit well within the guidelines laid out in the request for proposal advertised by the Department of Human Services because of the high need for skilled nursing services for the individuals in the Alzheimer's unit at St. Vincent's Nursing Home.

Mr. Burchill said there is currently a bed shortage in the Bismarck-Mandan area. He said if there is a desire to look into ways of moving people out of nursing homes in the Bismarck-Mandan area a better project would be looking into establishing assisted living or high functioning living facilities. He said other parts of the state may be better suited for Alzheimer's pilot projects.

Ms. Penni Weston, St. Vincent's Nursing Home, said most of the residents in the Alzheimer's unit are past the early stages and into the advanced stages which require more extensive care. She said this makes the Alzheimer's unit more expensive to operate. She said the Alzheimer's unit at St. Vincent's Nursing Home is staffed with one caregiver per five residents.

Representative Callahan asked what the staffing ratio is in the rest of the nursing home. Ms. Weston said it varies by facility but the staffing at St. Vincent's Nursing Home is approximately one caregiver per six residents in the medically complex unit and one caregiver per eight residents in the more independent unit.

HOME AND COMMUNITY-BASED SERVICES AVAILABILITY

Ms. Wright presented information regarding recipients of home and community-based services, including the number of American Indian clients served. A copy of her presentation is on file in the Legislative Council office. She said the Aging Services Division funding sources include Medicaid waivers for the aged and disabled and traumatic brain-injured, service payments for the elderly and disabled (SPED), expanded SPED, and Title III of the Older Americans Act.

Ms. Wright presented information on the number of unduplicated clients that received services during the fiscal year beginning August 1996 and ending July 1997 for the Medicaid waiver for the aged and disabled, SPED, and expanded SPED programs. She said for that time period there were 290 unduplicated recipients for the Medicaid waiver for the aged and disabled, 310 unduplicated recipients for the expanded SPED program, and 1,765 unduplicated recipients for the SPED program.

Ms. Wright said there are approximately 1,000 service providers, including county social service boards, other agencies, and individuals who are reimbursed for providing services to clients. She said this number does not include providers who only provide services to private pay clients.

Ms. Wright said Title III of the Older Americans Act funds services for individuals 60 years of age and older. She said services funded through this program are available in every county and on each Indian reservation in North Dakota. She reviewed a list of the 36 contracted service providers and the services they provide under Title III of the Older Americans Act. She said for fiscal year 1996 there were 54,614 unduplicated participants under Title III of the Older Americans Act. She said of the total 54,614, 53,276 were nonminority, 53 were African American, 59 were Hispanic, 1,187 were American Indian/Native Alaskan, and 39 were Asian American/Pacific Islander.

Ms. Wright said that 8.6 percent of the SPED and expanded SPED services are provided to American

Indian clients. She said according to the 1994 population estimate, American Indians account for approximately 4.3 percent of North Dakota's population.

Ms. Wright provided the following information on home and community-based service recipients by race and funding source:

HOME AND COMMUNITY-BASED SERVICES RECIPIENTS BY RACE AND FUNDING SOURCE
Fiscal Year 1997

Funding	White	Native American	Black	Asian	Hispanic	Southeast Asian	Other	Total
Medicaid waiver for aged and disabled	244	26			1	1		272
SPED program	1,578	127	2	3	6	1	1	1,718
Expanded SPED program	293	28	1		2			324
Total	2,115	181	3	3	9	2	1	2,314

Ms. Sue Forderer, JSK Country Home Care, expressed concerns to the committee regarding the reimbursement of home and community-based service providers having a large portion of clients in rural areas. She said if people like herself are able to be paid sufficiently to cover their costs and remain in business, they are able to help keep people out of long-term care facilities. She said the current reimbursement system does not allow the cost of travel time as a reimbursable cost to the service provider. Ms. Forderer said clients are not able to afford to have their rates raised in order to cover these costs so providers such as herself are forced to absorb the cost of travel time.

Ms. Muriel Peterson, Department of Human Services, said travel time is not allowed as a reimbursable cost, but mileage for traveling to and from clients is an allowable cost. She said the department will work with service providers with a large number of rural clients to see what can be done to try and help them out. She said she understands the dilemma with the large amount of non-revenue-producing time when a significant number of clients are in rural areas.

Senator Krauter asked what the department has done with the additional funding provided during the last session for home and community-based service providers. Ms. Peterson said the department provided an across-the-board rate increase to providers.

Representative Callahan asked if any nursing homes are diversifying into the home and community-based service area. Ms. Peterson said there are currently a small number of nursing homes enrolled as home and community-based service providers.

Senator Elroy N. Lindaas, Mayville, presented information on the Medicaid evaluation and qualification process. A copy of his presentation is on file in the Legislative Council office. He said his reason for appearing before the committee today is to request that this committee consider taking a look at the screening and evaluation process used to determine Medicaid eligibility. He said in his opinion the eligibility determination process should be studied and perhaps fine-tuned or modified and if possible flexibility added to the process.

Senator Lindaas told about an incident involving a 94-year-old female resident of Luther Memorial Home in Mayville. He said she had to enter the nursing home when she could no longer live independently. He said the person was 95 percent blind and had several minor strokes that caused her to have blackouts and fall. Senator Lindaas said the individual became increasingly weak due to the inability to provide proper nutrition for herself and on two occasions started small fires while preparing food. He said at this point her family decided to place her in the nursing home.

Senator Lindaas said the individual had the financial means to pay for approximately one year of residency during which time preparations were being made for Medicaid assistance. He said the family was then informed that the individual did not qualify for Medicaid. He said after weeks of appeals and further evaluations, consultations with doctors, and consultations with social workers, the individual was accepted and is now covered by Medicaid, subject to reevaluation in six months. Senator Lindaas said nobody should have to endure what this family has

had to and that is why he is suggesting that this committee look into the screening and evaluation process for determining Medicaid eligibility.

Representative Oban asked who makes the decision as to Medicaid eligibility. Senator Lindaas said a company from Tennessee is contracted with to do the evaluations for the Department of Human Services.

Mr. Zentner said the department contracts with First Mental Health in Tennessee. He said First Mental Health uses the criteria established by the North Dakota Department of Human Services. He said this story indicates the need for case management, individual living services, and alternative services for long-term care.

Chairman Oban suggested that it would be helpful for the committee to receive more information on the Medicaid eligibility screening process. He said a presentation by the Department of Human Services regarding the Medicaid eligibility screening process will be included on the next meeting agenda.

AMERICAN INDIAN LONG-TERM CARE NEEDS

Mr. Zentner presented information on long-term care needs of American Indians and information related to occupancy rates for nursing facilities and basic care facilities. A copy of his presentation is on file in the Legislative Council office. He said nursing facility occupancy rates have for the first time in recent years begun to level off and in fact may have begun to decrease. He said this is especially true in the rural areas of North Dakota. Mr. Zentner presented the following information on nursing facility occupancy rates. He said the information is a month-end snapshot and does not represent an exact count of occupied beds on a daily basis. He said it does provide information to plot overall trends and occupancy rates.

	Calendar Year 1993	Calendar Year 1994	Calendar Year 1995	Calendar Year 1996	Year to Date March 1997
Licensed beds	7,080	7,041	7,061	7,031	7,038
Occupied beds	6,873	6,809	6,842	6,748	6,694
Percent of occupancy	97.08%	96.71%	96.89%	95.97%	95.11%
Medicaid recipients	3,975	3,894	3,917	3,819	3,678
Percent of occupied	57.84%	57.19%	57.25%	56.59%	54.94%
Private, Medicare, other	2,897	2,916	2,925	2,928	3,016
Percent of occupied	42.16%	42.83%	42.75%	43.39%	45.06%

Mr. Zentner said the number of Medicaid recipients has dropped from an average of 3,819 in calendar year 1996 to 3,678 in the first three months of 1997.

Mr. Zentner presented the following information on the number of American Indians in nursing facilities:

Federal Fiscal Year	Number of American Indians in Nursing Facilities
1993	148
1994	167
1995	147
1996	175

Mr. Zentner said during the 1996 federal fiscal year there were 5,788 Medicaid recipients receiving nursing facility services. He said of that total, American Indians comprised approximately three percent. He said the Medicaid program expended $124.2 million for all eligible Medicaid recipients over 65 years of age, of which $3.3 million or 2.7 percent was expended for American Indians. Mr. Zentner said of the $107.1 million expended on nursing facility services during that same period approximately $2.8 million or 2.6 percent was for American Indian Medicaid recipients.

Mr. Zentner said nursing facilities have started submitting data on each of their residents through the minimum data set reporting system. He said a review of that information has disclosed that of the 3,324 nursing facility admissions for the period August 1, 1996, through July 31, 1997, 65 or approximately two percent were American Indians. He said most American Indian residents are located in facilities on or near reservations.

Mr. Zentner said there is a very limited number of American Indians receiving assistance through the basic care assistance program. He said there are currently only four American Indian basic care assistance program recipients.

Senator Krauter asked if the department could prepare a schedule showing each basic care facility and nursing home facility and indicating any changes in the number of licensed beds in each facility. Mr. Zentner said the department could prepare such a schedule and make it available to the committee.

Chairman Oban indicated that a presentation by the department on licensed bed changes by facility would be included on the next meeting agenda.

Chairman Oban indicated that the next meeting agenda would also contain a presentation by the Department of Human Services on information relating to rural home and community-based service provider reimbursement provisions.

Ms. Kimber Wraalstad, Presentation Care Center, Rolette, addressed the committee regarding comments she said were made at the committee's last meeting. She defended her facility's treatment of its American Indian residents and said she has not had complaints or concerns about the treatment of American Indian residents brought to her attention by any American Indian resident. Ms. Wraalstad distributed a letter from a staff member and two letters from residents regarding this issue. A copy of the letters is on file in the Legislative Council office.

In response to a question from Representative Brown, Ms. Wraalstad said 44 percent of the residents at the Presentation Care Center are American Indians.

Chairman Oban said the portion of the minutes from the last committee meeting which Ms. Wraalstad is referring to read as follows: Representative Brown asked why Indian reservations are looking at new facilities when space is available in existing facilities and there are facilities located near reservations that have had to reduce bed capacity due to low occupancy. Ms. Painte said due to cultural considerations and other reasons the tribes feel there is a need to pursue their own facilities.

Representative Gerntholz asked Ms. Arlene Davis, Presentation Care Center resident, if she thought the staff at the Presentation Care Center felt like a family and if she was treated well and liked the nursing home. Ms. Davis nodded yes.

Mr. Jerry Peak, Dunseith Community Nursing Home, testified regarding the American Indian long-term care needs study. A copy of his presentation is on file in the Legislative Council office. He said it was apparently alleged at a previous committee meeting that some nursing homes discriminate against American Indians, treat American Indians poorly, and that staff are not sensitive to cultural differences. He said it is very seldom that attention is paid to the racial makeup of the residents or employees of his facility. He said a recent poll showed over 60 percent of the residents to be American Indian and approximately 95 percent of the direct care staff to be American Indian. He said if there are allegations of poor treatment, these ratios should be looked at and it should be considered as to who is treating whom. Mr. Peak said all of his facility's programs, decor, and even dietary considerations are made with the cultural preferences of the American Indians in mind. He said his facility addresses the spiritual, social, physical, and mental needs of the American Indian people and his facility does it with taste, style, sensitivity, and no discrimination. Mr. Peak said his nursing home is presently running at less than 95 percent occupancy and it is well positioned and prepared to accommodate the needs of the American Indian residents in his area.

Mr. David Carda, New Town Good Samaritan Center, commented on the American Indian long-term care needs study. He said the New Town Good Samaritan Center currently has 48 residents, of which 16 or 33 percent are American Indians. He said there are 21 staff, of which 32 to 40 percent are American Indians. Mr. Carda said the Rockview Good Samaritan Center in Parshall currently has 44 residents, which is 80 percent occupancy. He said of the 44 residents, five, or 11 percent, are American Indians and 16 percent of the staff are American Indians.

Ms. Lauriel Left Hand, Spirit Lake Tribe, said the Fort Totten Reservation does not currently have a nursing home. She said the reservation does have a home for the elderly and no Medicaid money goes into that facility. She said she thinks there is a real need for case managers in long-term care.

LONG-TERM CARE FINANCING

Mr. Zentner presented an update of the work of the ad hoc committee on financing. A copy of his presentation is on file in the Legislative Council office. He said the committee is studying issues relating to providing incentives to encourage the development of alternative long-term care services and the potential of implementing managed care in the delivery of long-term care services.

Mr. Zentner said the committee has met twice and has established the following four objectives that it wishes to accomplish over the course of the next six months:

1. Study the current ratesetting structure for nursing facility and basic care facilities to identify what financial, regulatory, or other existing impediments prevent the development of alternative home and community-based services for the elderly and disabled.
2. Create incentives to encourage providers to reduce occupancy or the number of licensed long-term care beds.
3. Study the feasibility of a managed care system for long-term care services.
4. Study the impact of basic care rate equalization on private pay and assistance residents.

Mr. Zentner said the committee has been concentrating its efforts on examining potential changes to the ratesetting structure which would provide incentives for nursing facilities to develop alternative long-term care services and to encourage facilities to decrease licensed bed capacity. He said although no

formal recommendations have been made as of this time, the committee is studying the following ideas:

1. Modifying rate equalization to eliminate the limitations applicable to private pay rates;
2. Allowing for rate changes effective on the date the facility reduces licensed bed capacity;
3. Changing definitions to allow for negotiations of rates by HMOs;
4. Providing different rates for facilities having an average length of stay of less than 180 days; and
5. Consider changing the rate structure for individuals with dementia.

Representative Callahan asked if there is going to be diversification by nursing homes into home and community-based services and the whole range of other services that might come under the phrase of long-term care and if nursing homes should begin transitioning to the point of being able to contract on a managed care basis. Mr. Zentner said the state is not that far into the managed care process at this point.

In response to a question from Representative Brown, Ms. Fisher said North Dakota is probably in the top half and maybe the top quarter nationally in terms of long-term care rates. She said within the region North Dakota probably has the second highest long-term care rates.

Chairman Oban announced that the next meeting would be on Tuesday, October 28, 1997, and the joint meeting with the Welfare Reform Committee and the Budget Committee on Human Services would be on Wednesday, October 29, 1997. He said the previously discussed meeting for November 18-19, 1997, has been moved to the October dates.

Representative Callahan asked if the Legislative Council staff could prepare a memorandum on what basic care rate equalization was intended to accomplish when it was originated. Chairman Oban indicated that the request would be included for the next meeting agenda.

The committee adjourned at 4:58 p.m.

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

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Paul R. Kramer
Senior Fiscal Analyst

ATTACH:2