NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON LONG-TERM CARE

Wednesday, June 25, 1997
Harvest Room, State Capitol
Bismarck, North Dakota

Representative Bill Oban, Chairman, called the meeting to order at 9:05 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"

Mr. Chester E. Nelson, Jr., Legislative Budget Analyst and Auditor, reviewed the Legislative Council supplementary rules of operation and procedure.

Chairman Oban welcomed Representative Shirley Meyer to the North Dakota Legislative Assembly. He also announced that Senator Aaron Krauter would serve as vice chairman for the committee. Chairman Oban reviewed the five studies before the committee and said the committee will be trying to coordinate a joint meeting in November with other Legislative Council committees dealing with American Indian issues.

BASIC CARE RATE EQUALIZATION

The Legislative Council staff presented a background memorandum on Section 32 of House Bill No. 1012 (1997) which provides for a Legislative Council study of basic care rate equalization. The study is to include the cost impacts to the state and private pay residents. The memorandum contains information on prior studies relating to the basic care program, basic care related legislation acted on by the 1997 Legislative Assembly, and basic care program funding and caseload information. The following table shows the basic care program funding by funding source for the 1995-97 and 1997-99 bienniums:

Source of Funds	1995-97 Biennium	1997-99 Biennium
State general fund	$3,457,249	$5,681,435
Other	112,509	52,716
County	1,449,972	429,905
Total	$5,019,730	$6,164,056

The memorandum also provided information on the licensed beds, occupied beds, percentage of private pay residents, and the percentage of state/county pay residents by quarter for the period beginning April 1996 and ending March 1997:

	Licensed Beds	Occupied Beds	Private Pay	State/ County Pay
April 1996 - June 1996	1,295	1,067	64%	36%
July 1996 - September 1996	1,306	1,078	62%	38%
October 1996 - December 1996	1,306	1,075	62%	38%
January 1997 - March 1997	1,275	1,061	64%	36%

The background memorandum included the following items that the Budget Committee on Long-Term Care may want to include while conducting its study of basic care rate equalization:

1. Receive Department of Human Services reports on plans to develop a basic care facility rate-setting methodology. (North Dakota Century Code Section 50-06-14.3 provides that the Department of Human Services shall develop a ratesetting methodology that provides for rates for all residents of basic care facilities that receive payments from the state or any political subdivision. The methodology is to begin July 1, 1999.)
2. Receive testimony from representatives of basic care facilities and other interested organizations and individuals regarding the development of a basic care ratesetting methodology.
3. Review the fiscal impact to the state and private pay residents of any new ratesetting methodology.
4. Provide recommendations to the Department of Human Services regarding its development of a basic care facility ratesetting methodology.
5. Provide recommendations to the Legislative Council and the 1999 Legislative Assembly regarding the Department of Human Services

basic care ratesetting methodology and consider any legislation necessary to implement the proposed basic care facility ratesetting methodology.

Ms. Barbara Fischer, Department of Human Services, presented information on the study of basic care rate equalization. A copy of her presentation is on file in the Legislative Council office. Ms. Fischer said the department currently uses a prospective ratesetting system for basic care facilities. She said a facility reports its historical costs and census to the department and then the historical costs are multiplied by an inflation factor and divided by the historical census days to determine a rate per day. Ms. Fischer said the inflation factor used for 1997 was the consumer price index change for the 12 months ended March 1997 which was 2.7 percent.

Ms. Fischer said the rate for each of the facilities is ranked, and the rate that applies to the 80th percentile bed is the rate for all facilities. She said an operating margin of two percent of the direct cost is then added to the rate to establish the limit rate applied to all facilities. Ms. Fischer said a facility with a computed daily rate greater than the limit rate is paid the limit rate for residents who participate in the basic care assistance program. Any facility with an actual rate less than the limit rate is paid the facility's actual rate.

Ms. Fischer said effective July 1, 1997, the limit rate will be $40.57 per day. She said currently there are 10 facilities with rates exceeding the limit rate. She said the limit rate for 1997 increased by 14 cents from the 1996 rate. She said the limit rate is rebased each year using the 80th percentile bed.

Ms. Fischer said the ratesetting methodology developed to implement rate equalization establishes the limit rates differently than the current system and provides for an incentive and an increase in the operating margin percent. She said property costs which are currently included in the total rate would become a passthrough cost. She said a direct care rate would be established at the 90th percentile. She said an indirect care rate would be established at the 75th percentile. Ms. Fischer said facilities under the indirect care rate limit would receive an incentive of 70 percent of the difference between the limit rate and the actual rate, up to a maximum of $2.60 per day.

Ms. Fischer said there would be nine facilities with indirect care rates equal to or in excess of the indirect care component rate which would only receive the limit rate with no incentive. She said because the proposed rate limits would be computed by components, some facilities would experience rate increases while others would have rate decreases.

Ms. Fischer said rate equalization only applies to costs associated with items and services that must be provided in a basic care facility. She said services and items such as private rooms, transportation, telephone, cable television, and medical supplies are not subject to rate equalization since these costs are not covered services and are not included in the allowable historical costs.

Ms. Fischer said when comparing current rates to rate equalization rates the estimated increase needed for the basic care assistance program would be approximately $376,495 per year. She said three facilities would incur a decrease in state funds while the remaining facilities would have increased revenues from the basic care assistance program.

Senator Krauter asked how the $376,495 compares to the $1.34 million estimated during the 1997 legislative session. Ms. Fischer said the $376,495 is an annual amount. She said the $1.34 million estimated during the last legislative session was based on the most current information available at that time, and the information presented today is based on the most current information available at this time.

Representative Delzer asked if the $376,495 includes all funding sources. Ms. Fischer said $376,495 is all funds except private pay.

Mr. Nelson requested clarification on the schedule comparing current rates to rate equalization rates. He said based on the schedule, it indicates that private pay residents will pay approximately $170,500 more per year under rate equalization. He said in reality rate equalization may decrease what private pay residents are paying. Ms. Fischer said the private pay amounts reflected in her schedule do not indicate actual private pay rates at all of the facilities listed. She said a revised schedule using actual private pay rates could be provided to the Legislative Council office. See Appendix "B" for the revised schedule comparing current basic care facility rates to basic care facility rates under the proposed rate equalization methodology.

Mr. Thor Tangedahl presented information regarding the basic care rate equalization study. He expressed concern about the continued delay of implementation of basic care rate equalization. He said the delay in basic care rate equalization is shifting state funding responsibility of the program to private pay residents. Mr. Tangedahl said the state has one of the best long-term care systems in the nation, and the state should start paying its fair share of the costs of the system instead of allowing these to be passed on to private pay residents.

Representative Oban asked if this cost shifting to private pay residents depletes their funds earlier and thereby puts these people on welfare sooner. Mr. Tangedahl said that is very likely.

Ms. Shelly Warner, North Dakota Long Term Care Association, presented testimony regarding the basic care rate equalization study. A copy of her presentation is on file in the Legislative Council office.

Ms. Warner said the Long Term Care Association is concerned that funding for the basic care program will be reduced as soon as rate equalization is implemented. She said this happened with the long-term care program. She said as soon as rate equalization was implemented, the funding for the program was reduced and the long-term care facilities no longer had a source of revenue by which to make up for decreased state funding.

Ms. Warner said nine percent of basic care facilities charge less than the approved rate, 41 percent charge the approved rate, and 50 percent charge more than the approved rate. She said the range of rates for basic care facilities which charge extra is from an extra one cent per day to an extra $21.66 per day. Ms. Warner said if the two lowest extra rates and the two highest extra rates are discarded, the average extra per day cost for a basic care resident is $2.88 per day or $86.40 per month.

Representative Brown asked where the state can get the most benefit for its money when looking at the entire spectrum of long-term care options. Ms. Warner said in-home services are the most economical followed by basic care and adult foster homes. She said after that level of care is exceeded and a person needs 24-hour supervision, the need would be for a long-term care facility.

Representative Gerntholz asked what the occupancy percentages average for long-term care facilities. Ms. Warner said nursing homes have been averaging approximately 97 percent occupancy until last year at which time it dropped to approximately 95 percent. She said basic care facilities have been averaging 83 percent occupancy.

Senator Krauter said he would like to see the committee place emphasis on the review of the fiscal impact to the state and private pay residents of any new ratesetting methodology.

It was moved by Senator Thane, seconded by Senator Lips, and carried on a voice vote that the Budget Committee on Long-Term Care adopt the study plan included in the background memorandum presented by Legislative Council staff on the basic care rate equalization study.

Chairman Oban said the next meeting agenda will include a review of the Task Force on Long-Term Care Planning report which was presented to the Budget Committee on Home and Community Care last interim. He said this report is the basis for most of the studies before this committee and it will be beneficial to the committee to review the report with members of the Task Force on Long-Term Care Planning.

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

The Legislative Council staff presented a background memorandum on House Concurrent Resolution No. 3003 (1997) which provides for the monitoring of the implementation of projects developed by the Department of Human Services relating to the conversion of existing nursing facility or basic care beds for use by the Alzheimer's and related dementia population. The resolution also calls for the monitoring of an expanded case management system for elderly and disabled persons.

The memorandum indicates that Section 12 of House Bill No. 1012 provides for the Department of Human Services to establish projects designed to meet the service needs of the Alzheimer's and related dementia population. Section 21 of House Bill No. 1012 provides legislative intent relating to the establishment of an expanded case management system. The memorandum contains information on prior studies relating to Alzheimer's and related dementia populations, legislation enacted by the 1997 Legislative Assembly relating to Alzheimer's and related dementia population projects and an expanded case management system, the Task Force on Long-Term Care Planning report, and the Department of Human Services pilot projects.

The background memorandum included the following items that the Budget Committee on Long-Term Care may want to include while conducting its monitoring of Alzheimer's and related dementia population projects and an expanded case management system:

1. Receive reports from the Department of Human Services on the development of projects relating to the conversion of existing nursing facility or basic care capacity for use by the Alzheimer's and related dementia population and the expanded case management system for elderly and disabled persons.
2. Receive testimony from representatives of the following relating to projects being developed by the Department of Human Services related to the conversion of existing nursing facility or basic care capacity for use by the Alzheimer's and related dementia population and the expanded case management system for elderly and disabled persons:
   a. Department of Health.
   b. North Dakota Medical Association.
   c. North Dakota Hospital Association.
   d. North Dakota Long Term Care Association.
   e. Other interested persons.
3. Tour one or more of the Alzheimer's and related dementia population pilot project facilities.

4. Provide recommendations to the Legislative Council and the 1999 Legislative Assembly regarding the projects developed by the Department of Human Services related to the conversion of existing nursing facility or basic care capacity for use in serving the Alzheimer's and related dementia population and the expanded case management system for elderly and disabled persons and consider any legislation necessary to implement the committee recommendations.

Mr. Dave Zentner, Department of Human Services, presented testimony regarding the monitoring of Alzheimer's and related dementia population projects. He also presented a proposed agenda for the North Dakota Task Force on Long-Term Care Planning, a copy of the report of the Task Force on Long-Term Care Planning, and a copy of the request for proposals (RFP) for Alzheimer's and related dementia population pilot projects. A copy of his presentation is on file in the Legislative Council office.

Mr. Zentner said the proposed pilot projects are part of an effort to examine how long-term care services are delivered in North Dakota and to make recommendations that will result in the elderly and disabled of our state receiving the most appropriate and cost-effective services necessary to meet their long-term care needs. He said in order to assist the committee in examining the issues contained in the various resolutions and studies assigned to the committee, the Task Force on Long-Term Care Planning is going to continue its work. He said this plan of action has the approval of the Governor, and the Governor has been asked to request of the Legislative Council the appointment of two individuals from this committee to serve on the task force. Mr. Zentner said the task force's proposed agenda indicates a report will be ready to be presented to all appropriate legislative committees by May or June 1998.

Mr. Zentner said language contained in House Bill No. 1012 directs the department to establish pilot projects for Alzheimer's and related dementia populations in order to explore the financial and service viability of converting existing long-term care facility bed capacity to a specific service environment targeting the Alzheimer's and related dementia population. He said many individuals with Alzheimer's and related dementias are presently residents of long-term care facilities. He said many of these residents do not require 24-hour nursing care but do need 24-hour supervision and assistance with activities and daily living. Mr. Zentner said the design features of buildings can assist individuals with Alzheimer's and related dementias to adapt better to their environmental surroundings. He said it is the goal of the pilot projects to have providers use their knowledge and experience to develop facilities which will provide quality care to this group of individuals in the most cost-effective manner.

Mr. Zentner said the department has issued an RFP that invited providers to submit proposals for these pilot projects. He said approximately 20 entities have requested a copy of the RFP. Mr. Zentner said the providers must meet all fire safety codes in accordance with the basic care rules but other than that will have the freedom to explore alternatives for the provision of services to this group of individuals in need of residential care. Mr. Zentner said the proposals must be submitted to the department by June 30, 1997, and the department hopes to have selected the successful proposals by July 18, 1997.

Mr. Zentner said the current intent is to select up to four projects for funding depending on the number and quality of proposals. He said no separate funding was provided for these projects. Mr. Zentner said the department concluded that funds already contained in the long-term care budget should be sufficient to pay for these services because these facilities will use converted nursing facility or basic care beds to provide the services. He said individuals who would ordinarily enter nursing facilities will be diverted to the pilot projects. Mr. Zentner said three likely payment sources for funding for the pilot projects include the expanded service payments for elderly and disabled (SPED) program, Medicaid waiver program, and private pay.

Senator Thane asked why the department assumes the pilot project costs will be below the cost of nursing home care. He said many individuals will cross the level of care threshold from not needing nursing home care to needing nursing home care while in the pilot project. Mr. Zentner said that is why the RFP asks questions regarding the discharge plans and when residents would be transferred to a skilled facility.

Senator Thane said if the facilities are such that they postpone the timeframe in which an individual needs skilled nursing care, it will save the state and private pay individuals money in the long run by keeping people out of long-term care facilities.

Ms. Linda Wright, Department of Human Services, presented information on House Concurrent Resolution No. 3003 regarding the monitoring of an expanded case management system. A copy of her presentation is on file in the Legislative Council office. She said a number of national studies have concluded that case management is a key component in the assessment of client needs, assisting clients in accessing needed services provided by a multitude of agencies and providers, and ensuring that services and funding are targeted to individuals most in need of assistance.

Ms. Wright said a case management system providing a single point of entry to services helps to ensure that clients receive an initial comprehensive

assessment and an appropriate choice of services. She said the key component in assuring that consumers are aware of their options and choices and have access to the least restrictive alternatives is case management. Ms. Wright said for the purpose of the pilot project, case management is defined as a process in which a professional case manager assesses the needs of the client and arranges, coordinates, monitors, and evaluates for services and advocacy to meet the specific client's needs in the least restrictive environment.

Ms. Wright said funding for the pilot project was not provided, but that the pilot project would be financed within available department resources. Ms. Wright said the department has put out a request for proposals and sent out 32 proposal packets. She said six proposals were received and the department plans to fund two pilot projects. She said the pilot projects will be required to submit quarterly reports and that ongoing progress reports of the pilot projects will be provided to this committee.

It was moved by Senator Krauter, seconded by Representative Coats, and carried on a voice vote that the Budget Committee on Long-Term Care adopt the study plan included in the background memorandum presented by the Legislative Council staff on the monitoring of Alzheimer's and related dementia population projects and an expanded case management system.

EXPANDED HOME AND COMMUNITY-BASED SERVICE AVAILABILITY

The Legislative Council staff presented a background memorandum on House Concurrent Resolution No. 3004 which provides for a Legislative Council study of the means of expanding home and community-based service availability, options for training additional qualified service providers, the adequacy of geropsychiatric services, and the feasibility of combining service reimbursement payment sources to allow payments to flow to a broadened array of elderly and disabled service options. The memorandum included information on prior studies relating to home and community-based service availability, the report of the Task Force on Long-Term Care Planning, home and community-based services, and funding and recipient numbers for home and community-based services. The following tables show the funding for the various home and community-based services for the 1995-97 and 1997-99 bienniums and the number of unduplicated recipients for each of the various home and community-based services:

1995-97 Biennium			
Service	**General Fund**	**Other Funds**	**Total**
Medicaid waiver	$1,318,818	$2,924,922	$4,243,740
SPED program	$7,131,840	$375,360	$7,507,200
Expanded SPED program	$1,423,266		$1,423,266
Traumatically brain-injured (TBI) waiver	$542,828	$1,202,998	$1,745,826
1997-99 Biennium			
Medicaid waiver	$1,375,652	$3,213,880	$4,589,532
SPED program	$8,442,577	$444,346	$8,886,923
Expanded SPED program	$1,522,417		$1,522,417
TBI waiver	$456,004	$1,322,352	$1,778,356

	1993	1994	1995	1996
Medicaid waiver	429	366	313	298
SPED program	1,691	1,758	1,482	1,449
Expanded SPED program*			269	396
TBI waiver			9	11

* Expanded SPED payments began in November 1994.

The background memorandum included the following items that the Budget Committee on Long-Term Care may want to include while conducting its study:

1. Receive testimony from representatives of the Task Force on Long-Term Care Planning regarding the task force's recommendations, implementation status of its recommendations, and plans for any continued study of the needs of the elderly.
2. Receive testimony regarding the long-term care needs of the elderly, information on historic and projected costs and utilization of programs for the elderly, recommendations for improvements to the service options for the elderly, recommendations on how to expand service availability, training additional qualified service providers, geropsychiatric service adequacy, and recommendations on the feasibility of combining service reimbursement payment sources from the following:

a. Department of Human Services.
b. Department of Health.
c. Home and community-based service providers.
d. Long Term Care Association.
e. Other interested parties.

3. Provide recommendations to the Legislative Council and the 1999 Legislative Assembly regarding expanding home and community-based service availability, options for training additional qualified service providers, the adequacy of geropsychiatric services, and the feasibility of combining service reimbursement payment sources and consider any legislation necessary to implement proposed recommendations.

Ms. Wright presented testimony on House Concurrent Resolution No. 3004 regarding the expansion of home and community-based service availability. A copy of her testimony is on file in the Legislative Council office. She said expanding home and community-based service availability is a vital component of long-term care system reform occurring in many states. Ms. Wright said a proposal will be made to the Task Force on Long-Term Care Planning to appoint an ad hoc committee to deal specifically with this issue and she would anticipate that in addition to studying the availability of services statewide the specific questions to be answered would include:

1. Where are the service gaps?
2. Are sufficient agencies and individuals available to provide home and community-based services?
3. If sufficient home and community-based service providers are not available, what are the reasons?
4. Are specific new services in need of development?
5. Are changes in definitions, policies, and statutes needed?
6. Are there barriers to service availability?

Representative Oban said the report of the Task Force on Long-Term Care Planning indicated that over 98 percent of the Medicaid funds expended for long-term care services went to pay for nursing facility care. He asked if this was due to federal regulations or the way the different services are reimbursed. He asked why there is such a disproportionate amount used for nursing home services as compared to other areas. Ms. Wright said the variance is mainly due to the fact that institutional care was the first type of service developed and is still much more prominent than other services and its costs have continued to increase. She said some states such as Oregon have been very aggressive and successful in moving away from nursing home care and increasing the amount of noninstitutional care being provided.

Mr. Fred Larson, Department of Health, said Oregon has been able to alter its system so that approximately 40 percent of its expenditures are for home and community-based care. He said the state has also reduced its bed capacity to approximately 35 nursing home beds per 1,000 people over age 65. Attached as Appendix "C" is a schedule comparing the characteristics of long-term care delivery systems in Colorado, Oregon, and Washington.

It was moved by Senator Lips, seconded by Representative Coats, and carried on a voice vote that the Budget Committee on Long-Term Care adopt the study plan included in the background memorandum presented by the Legislative Council staff on the study of expanding home and community-based service availability.

The committee recessed for lunch at 12:00 noon and reconvened at 1:05 p.m.

AMERICAN INDIAN LONG-TERM CARE AND CASE MANAGEMENT NEEDS

The Legislative Council staff presented a background memorandum on House Concurrent Resolution No. 3005 which provides for a Legislative Council study of American Indian long-term care and case management needs and access to appropriate services and the functional relationship between state service units and the American Indian reservation service systems.

The memorandum indicated that there are currently four nursing facilities located on or near Indian reservations in North Dakota. The following table shows the name and location of each facility, the capacity, the percentage of staff that is American Indian, and the percentage of residents that are American Indian:

Facility - Location	Capacity	Percentage American Indian	
		Staff	Residents
Dunseith Community Nursing Home, Dunseith	54	75	60
Presentation Care Center, Rolette	48	45	46
New Town Good Samaritan Center, New Town	59*	50	25
Rockview Good Samaritan Center, Parshall	56**	31	6

* The facility gave up eight beds due to low occupancy.
** The facility gave up four beds due to low occupancy.

The memorandum indicated that although no American Indian specific long-term care programs currently exist on the reservations or within the state, the American Indian population of the state participates in the programs offered through the state system. The following table summarizes the 1995-97 and 1997-99 funding for the various long-term care and home and community-based services:

1995-97 Biennium			
Service	**General Fund**	**Other Funds**	**Total**
Nursing home care	$59,684,221	$158,129,801	$217,814,022
Basic care	$3,457,249	$1,562,481	$5,019,730
Medicaid waiver	$1,318,818	$2,924,922	$4,243,740
SPED	$7,131,840	$375,360	$7,507,200
Expanded SPED	$1,423,266		$1,423,266
TBI waiver	$542,828	$1,202,998	$1,745,826
1997-99 Biennium			
Nursing home care	$62,801,890	$181,777,775	$244,579,665
Basic care	$5,681,435	$482,621	$6,164,056
Medicaid waiver	$1,375,652	$3,213,880	$4,589,532
SPED	$8,442,577	$444,346	$8,886,923
Expanded SPED	$1,522,417		$1,522,417
TBI waiver	$456,004	$1,322,352	$1,778,356

The background memorandum included the following items that the Budget Committee on Long-Term Care may want to include while conducting its study:

1. Receive testimony from the Department of Human Services regarding the American Indian long-term care and case management needs and the relationship between state service units and the reservation service systems.
2. Receive testimony from the Indian Affairs Commission and the tribal governments regarding American Indian long-term care and case management needs and the relationship between state service units and the reservation service systems.
3. Tour one or more long-term care facilities located on or near an Indian reservation.
4. Receive testimony from long-term care and home and community-based service providers and other interested persons regarding the relationship between state service units and the American Indian reservation service system and on American Indian long-term care and case management needs.
5. Provide recommendations to the Legislative Council and the 1999 Legislative Assembly regarding American Indian long-term care and case management needs and the functional relationship between state service units and the American Indian reservation service system.

Representative Brown asked if information was available on the percentage of Medicaid dollars spent on American Indians.

Mr. Zentner presented information on House Concurrent Resolution No. 3005 regarding the study of American Indian long-term care and case management needs. A copy of his presentation is on file in the Legislative Council office. Mr. Zentner said in regard to Representative Brown's question, for the federal fiscal year ending September 30, 1996, a total of 175 American Indians received nursing facility services through the Medicaid program. He said this represents about three percent of the total number of individuals receiving services during this time period. Mr. Zentner said expenditures totaled approximately $2.8 million or about two percent of the nursing facility expenditures during that time period.

Mr. Zentner said American Indians also receive services through the Medicaid home and community-based waiver, SPED, and expanded SPED programs. He said as of September 1996, 106 American Indians received either Medicaid home and community-based waiver services, SPED services, or expanded SPED services.

Mr. Zentner said a recently released national report titled *Home and Community-Based Long-Term Care in American Indian and Alaskan Native Communities* indicates there is a lack of coordinated services on Indian reservations. He said the report indicated that alternative housing, hospice, and other services designed to assist family caregivers such as adult day care and respite care are rarely available on reservations.

Mr. Zentner said one of the Task Force on Long-Term Care Planning ad hoc committees studied the service inventory availability and distribution on Indian reservations. He said part of the study included long-term care needs and service availability and while the study was preliminary in nature it did identify a number of problems. He said some of the problems included uneven distribution of services, inconsistent implementation and organization of services from reservation to reservation, and inconsistent coordination of services between counties and reservations.

Mr. Zentner said the Task Force on Long-Term Care Planning is suggesting that an ad hoc committee

of that task force be established to review the issues and make recommendations to the task force and to this committee regarding American Indian long-term care and case management needs. He said the proposal is that the ad hoc committee be made up of tribal representatives from each of the reservations, a representative from each reservation program operated by Indian Health Service, employees of the Department of Health and Department of Human Services, representatives from impacted counties, and other interest groups that have an interest in the outcome of the study.

Senator Krauter asked if the Department of Human Services could provide a schedule to the committee of all nursing homes in the state showing the occupancy rates and the American Indian occupancy percentages. Mr. Zentner said the department would work on that and would probably include home and community-based care services in the schedule.

Mr. Zentner said there is a cultural difference between the American Indians and non-American Indians. He said the American Indians tend to maintain their elders at home as long as possible and that American Indians tend to have a shorter life expectancy.

Chairman Oban informed the committee that a joint meeting on tribal issues is currently being planned. He asked Mr. Nelson to update the committee on the status of the joint meeting. Mr. Nelson said there are at least three committees, Welfare Reform, Budget Committee on Human Services, and this committee dealing with human service issues and American Indian issues. He said tentative plans are for the three committees to have a joint meeting in November 1997. He said November 18 and 20 are being considered for separate committee meetings and November 19 would be for the joint meeting with all three committees and representatives from the Indian reservations.

Chairman Oban indicated that this committee would meet on November 18 and that on November 19 the Budget Committee on Long-Term Care would be meeting jointly with the Welfare Reform Committee and the Budget Committee on Human Services and representatives of the Indian reservations.

Senator Krauter asked about the status of the Indian reservations in regard to welfare reform. Mr. Wayne Anderson, Department of Human Services, said the department was provided $619,000 to be used to assist three Indian counties in the temporary assistance for needy families (TANF) program. He said the three counties include Benson, Rolette, and Sioux. He said an additional $440,000 was provided to assist the same three counties in the administration of economic assistance programs.

Senator Krauter asked if any reservations have opted out of the state program under the new TANF program. Mr. Anderson said according to Ms. Deborah Painte, Executive Director of the Indian Affairs Commission, Standing Rock has contracted for its own program. He said none of the other three reservations have indicated an intent to pursue opting out of the state system. Mr. Anderson said even if Standing Rock opts out of the state program, there will be a TANF program in Sioux County for nonreservation individuals.

It was moved by Representative Brown, seconded by Senator Lips, and carried on a voice vote that the Budget Committee on Long-Term Care adopt the study plan included in the background memorandum presented by the Legislative Council staff on the study of American Indian long-term care and case management needs.

LONG-TERM CARE FINANCING

The Legislative Council staff presented a memorandum on House Concurrent Resolution No. 3006 which provides for a Legislative Council study of long-term care financing issues to determine changes necessary to develop alternative services and the feasibility of a managed care system for long-term care services. The resolution also provides that the study is to include a review of:

1. Nursing facility and other residential care systems to determine the changes necessary to assist in the development of alternative services;
2. Financial incentives necessary to encourage nursing facilities to reduce the number of beds and to develop alternative services; and
3. The possibility of some categories of long-term care residents being able to receive services in alternative, less costly settings and any related cost savings.

The memorandum contains information on prior studies of long-term care financing issues, information on the Task Force on Long-Term Care Planning report, and program descriptions and funding levels for the various long-term care programs.

The background memorandum included the following items that the Budget Committee on Long-Term Care may want to include while conducting its study:

1. Receive testimony regarding changes necessary to assist in the development of alternative, less costly settings than long-term care facilities.
2. Receive testimony regarding possible financial incentives to encourage nursing facilities to reduce the number of beds and develop alternative services.

3. Receive testimony regarding the possibility of long-term care residents receiving services in alternative, less costly settings and the related cost savings.
4. Review the possibility of implementing a managed care system for long-term care services and the potential fiscal impact.
5. Develop recommendations to be provided to the Legislative Council and to the 1999 Legislative Assembly regarding long-term care financing issues and consider any legislation needed to implement the recommendations.

Mr. Zentner presented testimony regarding House Concurrent Resolution No. 3006 and the study of long-term care financing issues. A copy of his presentation is on file in the Legislative Council office. He reviewed a schedule showing the Department of Human Services nursing care facilities funding for fiscal years 1959 through 1996. He said it shows a funding level of $703,872 for fiscal year 1959 and $106,991,191 for fiscal year 1996. A copy of the graph is attached as Appendix "D".

Mr. Zentner said the 1995-97 biennium budget for nursing facility services is $216.6 million. He said the budget for the 1997-99 biennium totals $244.6 million, an increase of $28 million. He said based on this rate of growth, the budget for nursing facility services will exceed $350 million by the 2003-05 biennium.

Mr. Zentner said at the present time approximately 25 percent of all individuals in nursing facilities are categorized in the two lowest case mix classifications. He said this indicates that many of these individuals could likely receive the needed level of care in a home or community-based setting at an average cost that is lower than nursing facility costs.

Mr. Zentner said the Task Force on Long-Term Care Planning plans on analyzing the current payment system for nursing facility services in order to calculate any savings that could be realized by utilizing alternative services. He said the task force is also looking at conducting a study of the current payment system to determine what financial, regulatory, or other impediments exist that prevent the development of alternative long-term care services. He said the task force will then report to this committee its findings and recommendations regarding the development of a package of incentives that could be designed to encourage nursing facilities to reduce the number of nursing facility beds and develop alternative services for the elderly and disabled.

Mr. Zentner said currently Arizona is the only state with a statewide managed care system for long-term care services. He said the managed care contractor in Arizona receives a set monthly payment for each Medicaid recipient assessed as needing long-term care services. He said the contractor is then responsible for arranging and paying for needed services for each eligible recipient. Mr. Zentner said according to information received on this process, it has increased the use of home and community-based care and stabilized the cost of long-term care services.

Representative Delzer asked what assumptions were made as far as program changes in computing the estimated $350 million of funding by the 2003-05 biennium. Mr. Zentner said the $350 million assumes no changes to the current program and simply projects the current rate of growth out to the 2003-05 biennium.

Representative Brown asked what services Arizona provides through its managed care system. Mr. Zentner said Arizona provides for a complete array of services which are similar but probably more expansive than North Dakota's.

It was moved by Senator Krauter, seconded by Representative Coats, and carried on a voice vote that the Budget Committee on Long-Term Care adopt the study plan included in the background memorandum presented by the Legislative Council staff on the study of long-term care financing issues.

Ms. Deborah Painte, Indian Affairs Commission, presented testimony regarding the study of American Indian long-term care case management needs. She said when dealing with the reservations there are two tribal elders from each reservation that should be involved. She said the first is the community health representative and the second would be the aging services program coordinator. Ms. Painte said Indian Health Service does not fund long-term care programs and therefore any reservation resident needing long-term care services must utilize the off-reservation system.

Ms. Painte said the Three Affiliated Tribes prioritized long-term care as its top priority. She said Spirit Lake also expressed an interest in long-term care issues.

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 reasons the tribes feel there is a need to pursue their own facilities.

Representative Meyer indicated that due to the different factions within tribal government correspondence from this committee to the Indian reservations should be addressed to all tribal board members, not just the tribal chairman.

Chairman Oban announced that the next committee meeting would be Tuesday, September 16, 1997, in Bismarck. He said the following meeting would be Tuesday, November 18, 1997, and the joint meeting would be Wednesday,

November 19, 1997. He said the November meetings are also scheduled for Bismarck.

The committee adjourned at 3:08 p.m.

_____

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

_____

Paul R. Kramer
Senior Fiscal Analyst

ATTACH:4