

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

BUDGET COMMITTEE ON HEALTH CARE

Thursday and Friday, February 24-25, 2000
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Clara Sue Price, Chairman, called the meeting to order at 1:00 p.m.

Members present: Representatives Clara Sue Price, Byron Clark, Audrey Cleary, William R. Devlin, David Drovdal, Serenus Hoffner, Keith A. Kempenich, Deb Lundgren, Carol A. Niemeier, Todd Porter, Wanda Rose, Dale C. Severson, Ken Svedjan; Senators Judy L. DeMers, Tom Fischer, Ralph Kilzer, Randy A. Schobinger, Russell T. Thane

Member absent: Senator Marv Mutzenberger

Others present: See attached appendix

It was moved by Senator DeMers, seconded by Representative Drovdal, and carried on a voice vote that the minutes of the October 18-19, 1999, meeting of the Budget Committee on Health Care be approved as distributed.

COMMUNITY HEALTH GRANT PROGRAM STUDY

At the request of Chairman Price, Ms. Roxanne Hobza, Fiscal Analyst, presented a memorandum entitled *Analysis of the Tobacco Settlement Trust Fund for the 1999-2001 Biennium*. The memorandum states that for the 1999-2001 biennium, \$5.67 million is estimated to be deposited in the community health trust fund. Pursuant to 1999 House Bill No. 1475, the community health trust fund consists of 10 percent of the moneys deposited in the tobacco settlement trust fund.

At the request of Chairman Price, correspondence from Ms. Ellen Wirkkunen, Chair, Central Valley Health Board, was distributed to the committee. The correspondence includes a recommendation that moneys in the community health trust fund be used for tobacco prevention and control programs. A copy of the correspondence is on file in the Legislative Council office.

Chairman Price called on Mr. Murray G. Sagsveen, State Health Officer, State Department of Health, who presented information on options for the use of moneys in the community health trust fund. A copy of the information presented is on file in the Legislative Council office. Mr. Sagsveen said based on the assumption allocations to the community health trust fund will be approximately \$5 million per biennium, he recommends a community health grant program including the following three components:

1. A **healthy schools grant program**, funded at \$2 million per biennium, or approximately \$9 per student per year. Grants will be provided when a local board of health and a local school board sign a memorandum of agreement concerning preventive health programs to be funded. He said the program may include a matching requirement of \$1 of local funds for every \$2 or \$4 of grant funds.
2. A **healthy families grant program** funded at \$2 million per biennium, or approximately \$1.50 per state resident per year. Grants will be provided when the local boards of health and all interested parties in a community health region develop a plan that identifies the priority needs of the region, the programs to be funded, and the method of evaluating the programs. He said the program may include a matching requirement of \$1 of local funds for every \$4 of state funds.
3. A **healthy communities grant program** funded at \$1 million per biennium. He said the healthy communities grant program may be used for:
 - a. To increase state aid to local health districts from \$3,000 per county per year to \$7,000 per county per year, excluding per capita payments.
 - b. To provide a \$25,000 per year grant to each health region to augment funding provided by the Centers for Disease Control and Prevention for local tobacco program specialists and to plan, implement, and evaluate regional programs.
 - c. To provide \$88,000 per year for state-wide training, improvement of data management programs, and evaluation of the community health grant program.

Representative Hoffner suggested the State Department of Health establish a minimum grant amount for small schools under the proposed healthy schools grant program. He said based on the proposed per student allocation plan, small schools may receive an insignificant amount. Mr. Sagsveen said he is proposing increasing the per county allocation of state aid to local health districts from \$3,000 to \$7,000 to ensure that sparsely populated regions receive a fair allocation.

In response to a question from Senator DeMers, Mr. Sagsveen said if more than \$5 million per biennium is available in the community health trust fund, the healthy schools and healthy families grant programs could be increased proportionately. He said other needs could also be addressed, such as the health needs of the state's university and college students.

In response to a question from Representative Rose, Mr. Sagsveen said the proposed grant programs were developed with input received through public meetings of the State Health Council and meetings with public health officers and others around the state.

In response to a question from Senator DeMers, Mr. Sagsveen said the proposed grant programs address the use of moneys deposited in the community health trust fund in future bienniums. He said the proposal does not address the use of moneys accumulated in the trust fund during the 1999-2001 biennium, but said it is important to keep some money in the fund for contingency uses.

Representative Devlin expressed support for the proposed grant programs because of the amount of local control provided regarding the use of the funds.

Mr. Sagsveen distributed correspondence from Ms. Debbie Swanson, Grand Forks Public Health Department, regarding the Grand Forks Public Health Department school nursing program. A copy of the correspondence is on file in the Legislative Council office.

Chairman Price called on Ms. June Herman, Vice President of Advocacy, American Heart Association, Jamestown, who introduced Mr. Dearell Niemeyer, United States Centers for Disease Control and Prevention (CDC), Atlanta, Georgia, who presented information on tobacco prevention programs. A copy of the information presented is on file in the Legislative Council office. Mr. Niemeyer said the CDC has prepared guidelines, which are called "best practices" to help states plan and carry out effective comprehensive tobacco prevention and control programs. Mr. Niemeyer said the CDC's "best practices" provide specific funding ranges to guide states in planning comprehensive tobacco programs. He said for North Dakota, the proposed funding range is from \$12.73 to \$25.82 per capita, or approximately \$8.2 million to \$16.5 million per year.

Representative Price said the healthy schools grant program proposed by the State Department of Health would provide grants of \$9 per student per year. She asked how this amount compares to CDC recommendations for funding tobacco control and prevention programs in schools. Mr. Niemeyer said the CDC guidelines recommend school tobacco prevention and control programs in North Dakota be funded at \$4 to \$6 per student per year.

Ms. Herman presented information on the cost of tobacco-related illnesses and recommendations for

the use of moneys in the community health trust fund. A copy of the information presented is on file in the Legislative Council office. Ms. Herman presented the following recommendations:

1. Dedicate the full 10 percent allocation from the tobacco settlement trust fund to tobacco prevention programs.
2. Support the establishment of an independent panel to implement a comprehensive tobacco prevention and control plan.
3. Continue to assess funding requirements for full implementation of the CDC "best practices."

Chairman Price called on Ms. Dawn Hoffner, Coordinator, Red River Health Promotion Council, Fargo, who presented information on tobacco control and prevention programs. A copy of the information presented is on file in the Legislative Council office. Ms. Hoffner said North Dakota should invest in a comprehensive tobacco prevention program to achieve:

1. Prevent people from starting to use tobacco.
2. Promote and provide comprehensive nicotine addiction treatment services for all tobacco users.
3. Protect people from exposure to secondhand tobacco smoke.

Ms. Hoffner said, as recommended by the CDC, the state should establish a tobacco prevention and control program which includes countermarketing efforts. She said countermarketing efforts can be successful in reaching young people. Ms. Hoffner displayed a video tape which provided examples of countermarketing advertisements.

Chairman Price called on Dr. Keith Rau, Medical Director, Tobacco Dependence Treatment Center, Fargo, who presented information on tobacco use in North Dakota and the services of the Tobacco Dependence Treatment Center. A copy of the information presented is on file in the Legislative Council office. Dr. Rau said North Dakota, because of its small population and regional population centers, has a unique opportunity to impact the health of its citizens by implementing community-based tobacco prevention and control programs. Dr. Rau recommended a minimum of \$687,000 from the community health trust fund be used to support tobacco cessation services.

Chairman Price called on Dr. Karen Zotz, Extension Assistant Director for Nutrition, Youth, and Family Science, North Dakota State University Extension Service, Fargo, who presented information regarding the proposed role of the Extension Service in tobacco and community health education programs. A copy of the information presented is on file in the Legislative Council office. Dr. Zotz said the implementation of the Extension Service proposal would require approximately \$935,000 over four years.

Chairman Price called on Ms. Kathy Hogan, Chair, Fargo Cass Board of Health, Fargo, who spoke in favor of the State Department of Health proposal for use of moneys in the community health trust fund. A copy of her testimony is on file in the Legislative Council office.

Chairman Price called on Mr. Glenn Thom, President, North Dakota Society for Respiratory Care, Mandan, who presented information on the effects of tobacco use. A copy of his testimony is on file in the Legislative Council office.

Chairman Price called on Ms. Susan Bozak, MeritCare Health System, Fargo, who recommended that moneys in the community health trust fund be used to implement a statewide initiative to reduce the addiction, disease, disability, and death caused by the use of tobacco products. A copy of her testimony is on file in the Legislative Council office.

Chairman Price called on Ms. Sharon Leet, North Dakota representative on the American Cancer Society Rocky Mountain Tobacco Ad Hoc Committee, Minot. Ms. Leet encouraged the committee to fully fund the CDC minimum recommendation of \$8.2 million for statewide tobacco prevention and control programs.

HEALTH CARE STUDY

Chairman Price called on Dr. H. David Wilson, Dean, University of North Dakota (UND) School of Medicine and Health Sciences, who discussed the programs and initiatives of the school. A copy of the information presented is on file in the Legislative Council office. Dr. Wilson said the School of Medicine and Health Sciences has implemented the rural opportunities for medical education program to provide an eight-month experience in rural primary care to third-year medical students. He said the program allows students to live and train in nonmetropolitan communities.

Chairman Price called on Mr. Brad Gibbens, Associate Director, UND Center for Rural Health, UND School of Medicine and Health Sciences, who presented information on the role of the school in addressing health care issues in North Dakota. A copy of the information presented is on file in the Legislative Council office. Mr. Gibbens said the School of Medicine and Health Sciences impacts health care access, quality, and cost through the school's initiatives to provide medical education faculty development, expand the use of technology in health care education and training, serve as an information resource, and provide technical assistance.

Chairman Price called on Mr. Mike Schwindt, Director, Child Support Enforcement Division, Department of Human Services, who presented information on the court-ordered payment of health insurance premiums by noncustodial parents. A copy of the information presented is on file in the Legislative Council office. Mr. Schwindt said federal regulations

require the child support enforcement program to provide services for the establishment and enforcement of medical support orders. He said medical support orders may require the noncustodial parent to provide health insurance coverage for children. Mr. Schwindt said when such an order exists and the regional child support enforcement unit determines the noncustodial parent has not provided the coverage, the regional child support enforcement unit has the authority to enforce the enrollment of children in the noncustodial parent's health plan by sending a notice to the noncustodial parent's employer. He said, in addition, the employer is allowed to withhold health insurance premium amounts from the noncustodial parent's pay.

Chairman Price called on Ms. Brenda Weisz, Director, Fiscal Administration, Department of Human Services, who presented information on the impact of the Balanced Budget Act of 1997 on State Hospital revenues. A copy of the information presented is on file in the Legislative Council office. Ms. Weisz said the State Hospital receives Medicaid disproportionate share funding for providing care for indigent and uninsured patients. She said the Balanced Budget Act of 1997 is anticipated to result in a decrease in the State Hospital's disproportionate share funding from \$1.2 million in 1998 to approximately \$400,000 in 2003.

Chairman Price called on Mr. Sheldon Wolf, Assistant Director, Medical Services, Department of Human Services, who presented information on the status of federal legislation impacting the provision of home health services and Medicare reimbursement of those services. A copy of the information presented is on file in the Legislative Council office.

Chairman Price called on Ms. Liz Overlie, Past President, North Dakota Association for Home Care, Minot, who presented information on Medicare reimbursement for home health agencies. A copy of the information presented is on file in the Legislative Council office. Ms. Overlie said in an effort to control home health expenditures, Congress imposed new limits on home health payments through the interim payment system provisions of the Balanced Budget Act of 1997. She said the effects of the interim payment system were more far reaching than Congress or the Health Care Financing Administration intended, producing a 38 percent reduction in Medicare home health expenditures from 1997 to 1998. She said the Balanced Budget Act also provided authority for the development of a prospective payment system for home health. She said the Health Care Financing Administration will publish final prospective payment system regulations by July 1, 2000, with an effective date of October 1, 2000. She said the prospective payment system is very complex and untested. Home health agencies are unsure how to manage under the prospective payment system,

unsure of what services will be supported, and unsure if the payment rates will be fair to rural North Dakota.

Chairman Price called on Mr. Gary Garland, Director, Office of Community Assistance, State Department of Health, who presented information on the proposed expansion of the North Dakota educational loan repayment program. A copy of the information presented is on file in the Legislative Council office. Mr. Garland said in many areas of the state, it is difficult to recruit nurses to fill positions in local hospitals, nursing homes, clinics, and other health care settings. He said only 288 licensed dentists are practicing in North Dakota, and most are located in the larger cities. He said access to oral health services is a critical concern in North Dakota. He said two educational loan repayment programs are currently authorized in North Dakota, the educational loan repayment program for physicians (North Dakota Century Code (NDCC) Chapter 43-17.2) and the educational loan repayment program for nurse practitioners, physician assistants, and certified nurse midwives (NDCC Chapter 43-12.2). He said the two existing loan repayment programs are working well, and expanding the loan repayment programs to include nurses and dentists may be one way to address the shortages in those areas of the health care industry.

Chairman Price called on Mr. Tim Wiedrich, State Department of Health, who presented information on emergency medical services in North Dakota. A copy of the information presented is on file in the Legislative Council office. Mr. Wiedrich said volunteers provide much of the emergency medical services coverage in North Dakota. He said the major burden of serving as an emergency medical technician is the day-to-day on-call requirement, which can be extremely disruptive to the lives of volunteers. He said despite the difficulty in obtaining volunteers, the future role of emergency medical services will likely expand in North Dakota as medical institutions close or are reconfigured in rural areas. He said federal reimbursement policies relating to emergency medical services are on a fee-for-service basis and pay only if transportation is provided. He said the provision of emergency medical services in rural areas should not be defined on a fee-for-service basis. He said it is important to have emergency medical services, whether or not the services are actually used. He said this is the model used to provide fire and law enforcement services, and a similar model should be used to provide emergency medical services in rural areas.

The committee recessed at 5:30 p.m. and reconvened at 9:00 a.m., Friday, February 25, 2000.

Chairman Price called on Mr. Michael J. Mullen, Senior Adviser for Health Policy, State Department of Health, who presented information on reimbursement systems used by health care payers. A copy of the information presented is on file in the Legislative Council office. He said because of increasing federal

Medicare expenditures for inpatient hospital care, Congress directed the Health Care Financing Administration to develop a prospective payment system, which was implemented in fiscal year 1984. He said a key feature of the prospective payment system is the payment of a fixed amount for each hospital admission based upon the characteristics of the patient's condition and treatment, which are defined in a diagnostic-related group (DRG). He said under a prospective payment system, hospitals that are able to provide care at average costs and maintain a sufficient volume of service will produce a positive margin or profit. He said a methodology similar to the DRG system is the ambulatory payment classification which is used for classifying outpatient services and procedures.

Chairman Price called on Mr. Arnold Thomas, President, North Dakota Health Care Association, who introduced Mr. Chris Champ, Principal, Eide Bailly LLP, Fargo. Mr. Champ presented information on costs and reimbursements for the treatment of pneumonia and changes in health care costs during the last five years. A copy of the information presented is on file in the Legislative Council office. Mr. Champ presented the following information on costs and reimbursements for treating pneumonia, based on the most recent unaudited Medicare cost reports, for various urban and rural facilities in the state:

	Average Cost of Treatment for Pneumonia	Average Medicaid Reimbursement	Average Medicare Reimbursement
Urban facilities	\$4,301	\$3,402	\$4,421
Rural facilities	\$3,102	\$2,276	\$4,030

Chairman Price called on Dr. Alana Knudson-Buresh, Director, Office of Health Data, State Department of Health, who presented information on reimbursements for health care services and changes in health care costs. A copy of the information presented is on file in the Legislative Council office. Dr. Knudson-Buresh presented the following information on reimbursements for various major diagnostic categories in North Dakota:

Major Diagnostic Category	Average Medicaid Payments	Average Medicare Payments	Average Commercial Insurance Payments
Circulatory system	\$10,390	\$6,941	\$11,127
Respiratory system	\$4,498	\$4,986	\$7,037
Pregnancy and childbirth	\$2,071	\$0	\$2,238
Musculoskeletal system	\$6,243	\$6,155	\$6,876
Digestive system	\$4,253	\$5,572	\$5,500

Dr. Knudson-Buresh also presented information on health care costs for the North Dakota Public Employees Retirement System, which covers approximately eight percent of North Dakota's population. The information included changes in total payments for institutional services, professional services, and prescription drugs.

In response to a question from Representative Porter, Dr. Knudson-Buresh said the State Department of Health will provide committee members with a list of the types of services included in the professional services payment category for the Public Employees Retirement System group health insurance plan.

Chairman Price called on Mr. Rod Larson, Blue Cross Blue Shield of North Dakota, who presented information on changes in reimbursements for major DRGs during the last five years. A copy of the information presented is on file in the Legislative Council office. Mr. Larson said in 1995 billed charges for the 10 most common DRGs totaled \$26.2 million. For that same year, Blue Cross Blue Shield of North Dakota and subscriber payments totaled \$24.5 million. For 1999, billed charges for the 10 most common DRGs totaled \$44.1 million, and Blue Cross Blue Shield of North Dakota and subscriber payments for that period totaled \$34.7 million.

Chairman Price called on Mr. Sagsveen who distributed information regarding public hearings conducted by the State Health Council pursuant to 1999 House Concurrent Resolution No. 3070. A copy of the information is on file in the Legislative Council office. He said House Concurrent Resolution No. 3070 directs the State Health Council to conduct public hearings throughout the state to gather information regarding health care needs in the state. He said the State Health Council held meetings in six of the eight regional planning areas, including rural communities and major cities. Mr. Sagsveen also distributed copies of State Department of Health documents--*1997 North Dakota Youth Risk Behavior and Summary of the 1997 Behavioral Risk Factor Surveillance System*--which are on file in the Legislative Council office.

Chairman Price called on Dr. Knudson-Buresh who presented information on the impact of the farm crisis on access to health care. A copy of the information presented is on file in the Legislative Council office. She said the State Department of Health has contracted with the North Dakota Agricultural Statistic Service at North Dakota State University to conduct a survey of health care access by farm and ranch families. She said surveys will be mailed on March 13 to 1,500 households. She said a press release will be issued in early May to provide information on the survey results.

Representative Drovdal suggested the survey be expanded to include small business owners in rural communities because they are equally affected by the

declining agriculture economy. Dr. Knudson-Buresh said the amount of funding available for the survey is limited, which limits the scope of the survey.

At the request of Chairman Price, testimony from Ms. Deborah K. Johnson, clinical nurse specialist, was distributed to committee members and is on file in the Legislative Council office. The testimony was in support of allowing separate Medicaid reimbursement for clinical nurse specialist and nurse practitioner services.

Chairman Price called on Mr. David J. Zentner, Director, Medical Services Division, Department of Human Services, who presented information on Medicaid reimbursement for nurse practitioner services. A copy of the information presented is on file in the Legislative Council office. Mr. Zentner said reimbursement for nurse practitioner services provided to Medicaid recipients in North Dakota is accomplished through the following methods:

1. Certified pediatric and family nurse practitioners can bill the Medicaid program directly for any service that is billable within the scope of their practice.
2. Nurse practitioner services can be billed as a physician service by the supervising physician through the use of a modifier that indicates the service was provided by a nurse practitioner.

Mr. Zentner said the department has not considered adding a separate payment option for other certified nurse practitioner services. He said the Legislative Assembly, through the appropriation process, did not authorize separate payments for this group of practitioners. Mr. Zentner suggested the Legislative Assembly consider authorizing Medicaid reimbursement for other certified nurse practitioner services and add the estimated additional cost, if any, to the Medicaid appropriation for the 2001-03 biennium.

Mr. Zentner said the department has not allowed nurse practitioners to be named as primary care providers but does allow rural health clinics and federal qualified health centers to be named as primary care providers. He said the North Dakota Medical Association does not support changing the current primary care provider process. He said the Department of Human Services would prefer, before any changes are made in the primary care provider process, there is agreement between the two provider groups.

Chairman Price called on Ms. Deb Barber, certified nurse practitioner, Bismarck, who discussed the need for Medicaid reimbursement of nurse practitioner services. She said allowing Medicaid reimbursement of nurse practitioner services would result in a reduced cost, because nurse practitioners are reimbursed at a lower rate than physicians.

Chairman Price called on Mr. Zentner who presented information on Department of Human Services policies regarding the prior authorization of

pharmaceutical services for the Medicaid program. A copy of the information presented is on file in the Legislative Council office. Mr. Zentner said the department is currently considering adding three additional classes to the list of drugs that require prior authorization. He said these additional classes of drugs include anti-ulcers, antiarthritics, and antihistamines. He said to preauthorize pharmaceutical services, the department utilizes a drug utilization review board made up of practicing pharmacists and physicians. He said the department anticipates allowing a 30-day supply of any drug before requiring prior authorization for additional purchases. During that 30-day period, providers will submit the prior authorization form used to determine if the drug therapy should be continued. He said the department estimates that prior authorization of pharmaceutical services will result in savings of at least \$200,000 per year. Mr. Zentner said the Department of Human Services has proposed rules for the prior authorization of pharmaceutical services, and the proposed rules will be reviewed by the Administrative Rules Committee in May 2000. He said the department will not implement any changes until the rules are finalized.

Representative Devlin expressed concern that a prescription issued by a physician may be reviewed and questioned by someone within the Department of Human Services who has less expertise than the physician. Representative Devlin said although the department has experienced an increase in Medicaid prescription drug costs, that increase may be offset by savings in hospitalization costs because new drug therapies may reduce the need for surgeries or other treatment measures.

Chairman Price called on Ms. Shelly Peterson, President, North Dakota Long Term Care Association, who presented information on the nursing facility survey process in North Dakota. A copy of the information presented is on file in the Legislative Council office. She said the North Dakota Long Term Care Association does not believe the current survey process is the best method for measuring quality of care and quality of life for nursing facility residents and families. She said the North Dakota Long Term Care Association is in the process of proposing, to the Health Care Finance Administration, a pilot survey system which would involve surveyors working collaboratively with nursing facilities to review care, identify problem areas, develop improvement strategies, evaluate the effectiveness of strategies, and establish expectations and timeframes for progress.

Chairman Price called on Mr. Timothy J. Tracy, Administrator, Towner County Medical Center, Cando, who presented information on the nursing facility survey process and the informal dispute resolution process. A copy of the information presented is on file in the Legislative Council office. Mr. Tracy expressed concerns regarding the subjective nature

of the survey process, the impact to a nursing facility of receiving a poor survey, the cost of responding to a survey, and the ineffectiveness of the informal dispute resolution process. He said because of current leadership in the State Department of Health, there has been a shift in the informal dispute resolution process and the aggressiveness in which standards are applied. He said the process must continue to improve so unintended outcomes are avoided and poor performing nursing facilities are identified and dealt with as appropriate.

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

CHILDREN'S HEALTH INSURANCE PROGRAM

Chairman Price called on Mr. Zentner who presented information regarding the implementation of the children's health insurance program, known as the Healthy Steps program. A copy of the information presented is on file in the Legislative Council office. Mr. Zentner said the Healthy Steps program was implemented on October 1, 1999, and provides medical insurance coverage as well as preventive dental and vision services to children in families who do not qualify for Medicaid and have an adjusted gross income at or below 140 percent of the federal poverty level. Mr. Zentner said the monthly premium for most children is \$108.60. He said the department has approved an increase in the premium rate for those instances where copayments cannot be imposed, pursuant to federal restrictions. He said the monthly premium for those children will be \$109.56 effective May 1, 2000.

Mr. Zentner said as of February 17, 2000, a total of 1,285 children were enrolled in the program. Mr. Zentner said the eligibility process has identified 1,115 children who did not qualify for the Healthy Steps program, of which 512 were either referred to or remained on the Medicaid program and 603 were denied enrollment for other reasons.

In response to a question from Senator Kilzer, Mr. Zentner said the contract with Blue Cross Blue Shield of North Dakota for the Healthy Steps program continues through the end of the 1999-2001 biennium and can be renewed at a renegotiated rate at that time.

In response to a question from Representative Cleary, Mr. Zentner said, once enrolled in the Healthy Steps program, an insured person must reapply every 12 months.

Chairman Price called on Lt. Governor Rosemarie Myrdal, Chairman, Children's Services Coordinating Committee, who presented information on the use of a Robert Wood Johnson Foundation grant to identify and enroll children in the Healthy Steps program. A copy of the information presented is on file in the Legislative Council office. She said the Robert Wood Johnson Foundation has established the "covering

kids" program, which is a national initiative to increase the number of low-income, uninsured children who have health insurance coverage. She said the goals of the initiative are to:

- Design and conduct outreach programs that identify and enroll eligible children in Medicaid and other coverage programs.
- Simplify enrollment processes for health insurance programs.
- Coordinate existing coverage programs for low-income children.

Chairman Price called on Mr. Dan Ulmer, Blue Cross Blue Shield of North Dakota, who discussed the number of children enrolled in the Caring Program for Children. Mr. Ulmer said that before the Healthy Steps program was established, 1,000 children were enrolled in the Caring Program for Children. He said 426 children are currently enrolled in the program. He said 415 children who were previously enrolled in the Caring Program for Children met the eligibility requirements for the Healthy Steps program and are now being served through that program.

LONG-TERM CARE INCENTIVES STUDY

Chairman Price called on Mr. Zentner who presented information regarding the status of the intergovernmental transfer program implemented pursuant to 1999 Senate Bill No. 2168. A copy of the information presented is on file in the Legislative Council office. He said 1999 Senate Bill No. 2168 allowed the department to create a loan and grant funding pool, the amount of which is determined by calculating for each nursing facility in the state, the difference between the average Medicare and Medicaid rate. He said because of uncertainties regarding the effect on Medicare reimbursement rates of the conversion to a Medicare prospective payment system, the department underestimated the amount of funds that would be available through the program by more than \$17 million for the first year of the biennium and approximately \$25 million for the second year. Mr. Zentner said the Department of Human Services must obtain approval from the Emergency Commission and the Budget Section, and borrow additional funds from the Bank of North Dakota for the state match portion of the pool payments, to make additional government nursing facility funding pool payments.

Mr. Zentner provided recommendations for the use of additional moneys generated through the intergovernmental transfer program, including:

1. To conduct a statewide study of the need for alternative long-term care services in North Dakota and to study other health care needs, especially in rural North Dakota.
2. To encourage the development of comprehensive health care delivery systems.
3. To establish trust funds to provide future funding for such programs as Healthy Steps.

4. To allow lower interest rate loans to facilities for alternative long-term care projects pursuant to 1999 Senate Bill No. 2168.
5. To provide an incentive program, through loan forgiveness or startup cost assistance, to encourage new dentists to locate in North Dakota who would be willing to allocate a portion of their practice to Medicaid and other low-income citizens.

In response to a question from Representative Price, Mr. Zentner said that although no formal estimate has been developed regarding the cost of the proposed statewide needs assessment study, it would probably cost \$100,000 to \$200,000.

Chairman Price called on Mr. David Skalsky, Administrator, Long Term Care Alternatives, Department of Human Services, who presented information on the status and history of intergovernmental transfer programs implemented in other states. A copy of the information presented is on file in the Legislative Council office. Mr. Skalsky said the states of Nebraska, Wisconsin, Michigan, New York, Massachusetts, and Pennsylvania are accessing federal funds in the same manner as North Dakota. He said in addition, South Dakota, Kansas, and Iowa are exploring the possibility of implementing similar programs.

Chairman Price called on Ms. Peterson who presented information on potential uses of moneys generated through the intergovernmental transfer program. A copy of the information presented is on file in the Legislative Council office. The recommendations presented by Ms. Peterson included:

1. To conduct a statewide health and long-term care needs assessment study to provide a vision and plan for the future.
2. To provide lower interest rates on loans for alternative long-term care projects pursuant to 1999 Senate Bill No. 2168 and to provide construction and renovation grants.
3. To provide a benefits package to long-term care employees similar to the state employee benefits package.
4. To provide funds to buy out nursing facilities that choose to close.
5. To fund a quality improvement survey program for nursing facilities.

Chairman Price called on Mr. Tracy who presented information on suggested uses of moneys generated through the intergovernmental transfer program. A copy of the information presented is on file in the Legislative Council office. Mr. Tracy discussed the development of a fully integrated rural health system in Cando. He said North Dakota is too small to continue to allow duplication in health care delivery. Mr. Tracy said moneys generated through the intergovernmental transfer program could be used to encourage community and statewide health planning and the development of efficient integrated health

systems. He said small grants and loans with reduced interest rates do not foster the kind of innovation North Dakota needs. He said a narrow focus on assisted living projects as an alternative to long-term care will not encourage broad community planning.

Chairman Price called on Mr. Jeff Sjoquist, Principal, YHR Partners, Moorhead, Minnesota, who presented information on the need to provide low interest loans or grants to long-term care facilities for remodeling and updating. A copy of the information presented is on file in the Legislative Council office.

Chairman Price called on Mr. Zentner who presented information on the Task Force on Long-Term Care Planning. A copy of the information presented is on file in the Legislative Council office. Mr. Zentner said pursuant to 1999 Senate Bill No. 2036, the Task Force on Long-Term Care Planning has established a committee to review basic care and assisted living. He said committees have also been established to review case management, the long-term care needs of American Indians, rules and regulations relating to swing bed usage, and rate equalization. He said the next meeting of the task force is scheduled for Monday, March 20, 2000.

COMMITTEE DISCUSSION AND DIRECTIVES

Chairman Price discussed possible dates for the committee's next meeting. Mr. Jim W. Smith, Assistant Legislative Budget Analyst and Auditor, said some committee members may have a conflict on June 28, which is the tentative date for lignite tours conducted by the Lignite Energy Council. After committee discussion, Chairman Price announced the committee's next meeting was tentatively scheduled for June 26-28, 2000, in Minot and Bottineau.

Representative Niemeier suggested that at a future meeting, information be presented by the State Department of Health regarding the results of the department's survey of health care access by farm and ranch families. Chairman Price requested that at the committee's next meeting, the State Department of Health present the information requested by Representative Niemeier.

Representative Niemeier suggested that at a future meeting, information be presented by the Department of Human Services and the State Department of Health on the health care needs assessment study proposed by the Department of Human Services, including an outline of what would be addressed in such a study, a timeline for its completion, and a budget identifying related costs. Chairman Price requested that at the committee's next meeting, the State Department of Health and the Department of Human Services present the information requested by Representative Niemeier. Chairman Price suggested that while preparing the information, the two departments work with the North Dakota Health Care

Association, the North Dakota Long Term Care Association, and other interested parties.

Representative Hoffner suggested that at a future meeting, the North Dakota Long Term Care Association present an estimate regarding the cost of providing a benefits package to long-term care employees similar to the state employee benefits package. Chairman Price requested that at the committee's next meeting, the North Dakota Long Term Care Association present the information requested by Representative Hoffner.

It was moved by Representative Hoffner, seconded by Representative Rose, and carried on a voice vote that the Budget Committee on Health Care request the Legislative Council staff to prepare a bill draft to allow the interest earned on the community health trust fund to remain in that fund.

Representative Hoffner suggested the committee consider requesting a bill draft to expand the children's health insurance program eligibility to increase allowable income from 140 to 170 percent of the federal poverty level and to fund the additional costs with moneys generated through the intergovernmental transfer program. Representative Devlin expressed concern about using intergovernmental transfer program moneys to expand the eligibility level for the children's health insurance program. He said the needs of the long-term care industry should be identified before other needs are considered.

Representative Hoffner suggested that at the committee's next meeting, information be presented by the Department of Human Services and others regarding the expansion of eligibility for the children's health insurance program by increasing allowable income from 140 to 170 percent of the federal poverty level, including the number of children involved and the associated costs. Chairman Price requested that at the committee's next meeting, the Department of Human Services present the information requested by Representative Hoffner.

Representative Drovdal said health insurance premiums are anticipated to increase in the future. He said increases in health insurance premium costs will affect the number of children who can be enrolled in the children's health insurance program and the cost to enroll those children. He suggested the committee receive information on estimated future increases in health care insurance premiums. Chairman Price requested that at the committee's next meeting, a representative of Blue Cross Blue Shield of North Dakota present information on trends in health insurance premium rates, including potential future increases in rates for the children's health insurance program.

Representative Rose said she supports using the full 10 percent allocation from the tobacco settlement trust fund for tobacco prevention and control programs, including the implementation of the

programs proposed by the CDC. Representative Rose suggested the committee continue to receive input from interested parties and experts in the field of tobacco control and prevention to assist the committee in developing an effective plan for North Dakota. Chairman Price said the CDC recommendations are still under consideration by the committee.

Chairman Price said Senator DeMers expressed support for the proposed community health grant program but suggested that at a future meeting additional information be provided by the State Department of Health regarding the need for a contingency reserve and proposals for the use of moneys accruing in the fund during the 1999-2001 biennium. Chairman Price requested that at the committee's next meeting the State Department of Health present the information requested by Senator DeMers.

Senator Kilzer suggested that at a future meeting, the committee receive information on the status of proceeds from the tobacco settlement and allocations to the water development trust fund, common schools trust fund, and the community health trust fund, including the status of moneys deposited in those funds and the interest earned. Chairman Price requested that at the committee's next meeting, the Legislative Council staff present the information requested by Senator Kilzer.

Representative Rose said in response to the State Department of Health's proposal for a healthy schools grant program, representatives of elementary school principals and nurses should be allowed to provide comments at the committee's next meeting. Chairman Price said time will be allowed at the committee's next meeting for comments by interested persons regarding the proposed healthy schools grant program. Representative Rose provided a list of individuals who have requested time at the committee's next meeting to address this issue.

Chairman Price adjourned the meeting at 3:10 p.m.

Joe R. Morrissette
Senior Fiscal Analyst

Jim W. Smith
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ATTACH:1