

Testimony
Engrossed House Bill 1209 – Department of Human Services
Senate Human Services Committee
Senator Judy Lee, Chairman
March 6, 2013

Chairman Lee, members of the Senate Human Services Committee, I am LeeAnn Thiel, Administrator of Medicaid Payment and Reimbursement Services with the Medical Services Division for the Department of Human Services. I am here today to provide information on Engrossed House Bill 1209, regarding the current top management personnel limitations in administrative code and the estimated cost increase.

North Dakota Administrative Code 75-02-07.1, Rate Setting for Basic Care Facilities, defines “top management personnel” as corporate officers, general, regional and district managers, administrators, and any other person performing functions ordinarily performed by such personnel. The change proposed by Engrossed HB 1209 would prevent the limit explained in the following paragraph from being applied to the compensation for the corporate officers, general, regional and district managers, administrators, and any other person performing functions ordinarily performed by such personnel.

Administrative code currently sets the limit for top management personnel as defined above to the greater of:

1. Highest market-driven compensation of an administrator employed by a freestanding not-for-profit facility during the report year; or

2. \$64,687 as of July 1, 2012. This number is inflated by the annual inflationary increase authorized by the Legislature.

If a basic care facility is combined with a hospital or nursing facility, the management compensation limit set for nursing facilities applies to the basic care facility as well. The nursing facility top management limitation is set to the highest market-driven compensation of an administrator employed by a freestanding facility.

The fiscal impact was calculated based on the top management compensation as reported on the basic care facility cost reports used to establish the July 1, 2012 rates. The estimated fiscal impact to the program for the changes proposed in Engrossed House Bill 1209 would be \$435,481, for the 2013-2015 Biennium. The increase would be paid for from general funds.

I would be happy to answer any questions that you may have.