

Testimony
Senate Bill 2012 – Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
January 20, 2015

Chairman Holmberg, members of the Senate Appropriations committee, I am Julie Schwab, Director of the Medical Services Division for the Department of Human Services. I am here today to provide an overview of the Long-Term Care (LTC) Continuum budget.

Programs

The LTC services included in this area of the budget are nursing facilities, basic care facilities, and home and community-based services programs, which have the following funding sources: Service Payments for the Elderly and Disabled (SPED); Expanded SPED; the Medicaid Technology-Dependant Waiver; Personal Care; the Program for All-Inclusive Care of the Elderly (PACE); Targeted Case Management; Children’s Medically Fragile Waiver, Children’s Hospice Waiver, and the Medicaid Home and Community-Based Services Waiver.

The LTC Continuum encompasses a wide range of medical and support services for individuals who lack some capacity for self-care, and are expected to need care for an extended period of time.

Program Trends

As of September 30, 2014, the percentage of Medicaid-eligible individuals in nursing facilities was 52%. **Attachment A** shows the Licensed and Occupied Nursing Facility Beds since October 2012, and **Attachment B** shows the Medicaid occupied beds. Based on the September 30, 2014, occupancy reports, 29 facilities were below 90% occupancy. The average

occupancy for these 29 facilities is 82% as compared to two years ago when the Department presented budget testimony; there were 35 facilities below 90% occupancy.

Basic Care

As of September 30, 2014, 51 basic care facilities are enrolled in the Basic Care Assistance Program with Medicaid. The number of basic care beds available and utilized by individuals who are Medicaid eligible has remained fairly stable during the current biennium.

Home and Community-Based Services (HCBS)

Enrollment in HCBS has remained consistent with equal numbers of people leaving as coming into the program. The number one reason for dis-enrolling from services has been death of the individual, which indicates that HCBS are able to assist individuals and families longer within their homes when independent skills begin to fail.

Major Program Changes

2013 House Bill 1089 removed the limitation in century code that there can only be two geropsychiatric units within the state. This allows the Department the ability to respond to an increased need for geropsychiatric services in the future if the need arises. Currently, Sheyenne Care Center in Valley City and Prince of Peace Care Center in Ellendale have geropsychiatric units.

2013 House Bill 1170 provided nursing and basic care facilities with an expedited rate-setting process to cover costs associated with the Affordable Care Act (ACA) as it relates to health insurance policies for the facilities employees. Two nursing facilities submitted requests for a rate

increase based on the provisions of HB 1170. The provider's rates effective January 1, 2014, were increased to account for those increased costs.

2013 House Bill 1360 authorized the Department to expand the Program for All-Inclusive Care for the Elderly (PACE). Northland PACE has been working with the Department to move forward with their plans to open PACE sites in other communities in addition to the sites they currently have in Bismarck and Dickinson. Minot will be the first new site to open following CMS approval of their application. The projected enrollment for Minot is 25 by the end of the first 12 months. Northland has projected they will open additional sites during the 15-17 biennium in Garrison, Bowman, Hazen, Beulah, Linton and possibly Ashley.

2013 House Bill 1378 directed the Department to study the system of services for children who do not qualify for the developmental disabilities waiver. Maggie Anderson provided an update on the status of HB 1378 in the DHS overview.

2013 House Bill 1180 authorized the Department to develop a pilot project with the Standing Rock Sioux Tribe to explore other options for the delivery of case management services. There is great interest from the committee at Standing Rock and the Department continues to provide support, information and input as to the next steps in the HB 1180 pilot project. The plan was to hire and enroll a social worker in a tribal agency or a licensed independent clinical social worker to provide case management for all home and community-based programs. To date, no additional case management services have been implemented.

During the Interim

Implemented January 1, 2014:

(1) Home delivered meals are available to recipients receiving SPED, Ex-SPED and the HCBS Medicaid Waiver;

(2) Extended Personal Care was added as an allowable service under the SPED program. This program provides care to individuals who have care needs of a medical nature; and

(3) A Rural Mileage Differential rate was implemented to create greater access to HCBS for recipients who reside in rural areas of North Dakota by offering a higher rate to qualified service providers who are willing to travel to provide services. Since implementation, 262 recipients living in rural areas received services from 136 individual providers or agencies that were reimbursed at the higher rural differential rate. Sixty-nine of those individuals were new HCBS recipients. The majority of the providers are travelling between 21-50 miles roundtrip to provide care. Twenty providers are travelling over 70 miles round trip to serve HCBS recipients.

Personal care with supervision was added to the HCBS waiver.

Supervision can be provided up to 24 hours per day to individuals who live alone and because of their disability need monitoring to assure their continued health and safety. This was implemented December 1, 2014.

In March 2014, a new federal CMS rule established requirements for the qualities of settings that are eligible for reimbursement for Medicaid HCBS

provided under 1915(c) Medicaid waivers. Department staff completed a review of the current services; they conducted site visits, and are currently working with CMS, consumers and providers to assure compliance with this new rule.

Long Term Care Study

Included in the Department's 2013-15 appropriation was funding to commission a study of the LTC Continuum. In July 2013, the Department contracted with Myers and Stauffer to complete the LTC study. A final report was issued July 1, 2014, and includes 23 recommendations in the following areas: state licensing requirements for basic care and assisted living, basic care rate setting, adding quality measures to nursing facility rate methodology, and recommendations to help eliminate service gaps in the LTC Continuum. The report is available at:

<http://www.nd.gov/dhs/info/pubs/medical.html>

Money Follows the Person Demonstration Grant

The federal government awarded the Department a Money Follows the Person (MFP) grant in 2007. MFP grant funds help eligible individuals who are elderly or have physical, intellectual or other disabilities and who live in nursing homes, the Life Skills Transition Center, or other institutions transition to community settings. Through 2014, the grant has assisted 234 individuals in transitioning from institutional care. The MFP Grant is designed to assist states with increasing the use of HCBS to meet the long-term service needs for Medicaid-eligible individuals.

MFP Grant Transitions Through December 2014

Grant Year	Older Adult	Individuals with a physical disability	Individuals with an Intellectual disability	Children	TOTAL
2007	0	0	0	0	0
2008	1	1	3	0	5
2009	4	7	4	0	15
2010	4	6	16	0	26
2011	5	8	19	0	32
2012	13	21	11	2	47
2013	14	18	20	0	52
2014	16	25	14	2	57
Totals	57	86	87	4	234

Additional MFP Information and Funding

In April 2014, North Dakota was awarded an additional \$285,567 in supplemental funds for the Money Follows the Person Grant-Tribal Initiative (MFP TI). The MFP-TI will build sustainable community-based supports and services specifically designed for Indian country.

The CMS MFP policy requires that North Dakota develop a MFP Sustainability Plan which must be submitted to CMS by April 30, 2015. The sustainability plan is required to provide a detailed description of how North Dakota will sustain staffing, transition activity, services, demonstration programs, and structural changes initiated under the MFP demonstration. It must include budgets for the grant years of 2016 to 2020.

Required components of the sustainability plan include how North Dakota will improve and sustain MFP transition activities through 2019, how North Dakota plans to continue to provide transition services to the community after the last day of service funding, an accounting of how the MFP rebalancing funds will be spent, how stakeholders will be involved with the plan, and plan to meet ongoing reporting requirements.

Overview of the Budget

Description	2013 - 2015 Budget	2015 - 2017 Executive Budget	Increase/ (Decrease)
Long Term Care Grants	607,760,131	653,141,461	45,381,330
Total	607,760,131	653,141,461	45,381,330
General Fund	315,166,746	339,416,970	24,250,224
Federal Funds	288,475,653	311,151,447	22,675,794
Other Funds	4,117,732	2,573,044	(1,544,688)
Total	607,760,131	653,141,461	45,381,330
Full Time Equivalent	-	-	-

Attachment C is a chart showing the daily rates for Nursing Home Facilities for fiscal years 1980 through 2017.

Attachment D shows the changes in the Long-Term Care Continuum Budget from 2013-2015 Appropriation to the 2015-2017 Executive Budget to the Senate.

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