

**TESTIMONY**  
**HB 1012 – DEPARTMENT OF HUMAN SERVICES**  
**SENATE APPROPRIATIONS**  
**SENATOR HOLMBERG, CHAIRMAN**  
**MARCH 02, 2005**

Chairman Holmberg and members of the Senate Appropriations Committee, my name is Linda Wright, Director of the Aging Services Division, Department of Human Services. I am here today to provide an overview of a portion of the Long Term Care budget.

The Aging Services Division provides administration of the following home and community based funding sources: Service Payments for Elderly and Disabled (SPED), Expanded SPED, Medicaid Waiver for Aged and Disabled, Medicaid Waiver for Traumatic Brain Injury and Targeted Case Management. Services are provided to persons who would otherwise qualify for skilled nursing home care, basic care, or require assistance due to functional limitations and financial criteria. Individual and agency qualified service providers (QSPs); including County Social Service Boards, deliver the services to qualified older persons and persons with physical disabilities. The purpose of the services is to assist eligible individuals to remain as independent as possible in their own homes and communities for as long as possible, thereby delaying or preventing institutional care.

The other program areas within the Long Term Care budget have been presented by David Zentner. The other areas of the Aging Services Division budget are presented in separate testimony.

## **CUSTOMER BASE**

- **The current number of clients receiving services through the funding sources in this budget is 2338 individuals.**
- **The average age of a recipient receiving services funded by this budget is 70.6 years old.**

## **TRENDS**

- **The number of people ages 65 and older is expected to increase significantly in North Dakota. The number of individuals ages 65 to 84 is projected to increase by 113% from 15,849 in 2000 to 33,754 twenty years later. The number of individuals age 85 and older is projected to increase by over 100% from 2853 people in 2000 to 5710 in 2020.**
- **According to the 2002 North Dakota Needs Assessment of Long Term Care, conducted by UND and NDSU, “The number of seniors in North Dakota with functional limitations, a measure of the level of assistance required for basic activities of living (e.g. bathing, dressing, eating, walking, and using the toilet), is higher than the national norm and indicates a greater demand for caregiving. The number of services residents report as available declines as one moves from urban to rural areas of the state. In general, availability of services is a major issue that needs to be addressed.”**
- **The 2002 North Dakota Needs Assessment of Long Term Care further states: “priority needs to be given to legislative efforts in the form of program incentives and tax incentives for home and community based services. Elderly who are in greatest need for services reside in the states rural areas and small communities. These areas lack facilities, resources, and professional staff. The communities need to be empowered to take a more active role in caregiving. Program incentives and tax incentives that create or enhance the care of elderly in the home or through community based efforts will reduce**

the demand for institutional care and, in turn, the financial burden on the state.”

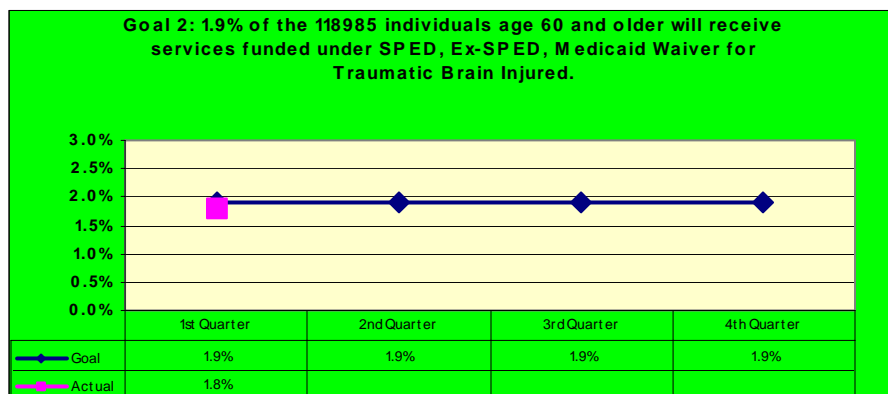
- According to the 2000 Census, 44,634 persons ages 21 to 64 years old in North Dakota had a disability. The population age 65 and older included 36,276 people with a disability.
- The results of a 2004 AARP North Dakota Member survey are as follows:
  - “Three in five North Dakota members are extremely concerned with staying independent as they age, and over half are extremely concerned with having choices in long term care.”
  - “More than nine in ten North Dakota members rate having a range of support services available in their community to be very or somewhat important.”

The trend nationally, and in North Dakota, is decreased reliance on institutional care and increased consumer demand for home and community based service options.

### PERFORMANCE MEASURES

- 1.9% of the 118,985 individuals age 60 and older will receive SPED, Expanded SPED, Medicaid Waiver for Aged and Disabled, or Traumatic Brain Injury services.

#### Home & Community Based Services



SFY 2005

**Overview of budget changes:**

	2003 - 2005 Budget	Increase/ (Decrease)	2005 - 2007 Request	House Changes	Request to Senate
SPED	14,703,198	(279,968)	14,423,230	(1,549,792)	12,873,438
Expanded SPED	834,541	354,348	1,188,889	(365,052)	823,837
Aged & Disabled Waiver	9,478,112	(6,904,476)	2,573,636	698,374	3,272,010
TBI Waiver	2,274,072	56,285	2,330,357	507,439	2,837,796
Targeted Case Management	1,107,750	2,682,074	3,789,824	(1,744,991)	2,044,833
<b>Total</b>	<b>28,397,673</b>	<b>(4,091,737)</b>	<b>24,305,936</b>	<b>(2,454,022)</b>	<b>21,851,914</b>
General	18,703,873	(975,750)	17,728,123	(2,018,952)	15,709,171
Federal	8,966,141	(3,098,211)	5,867,930	(357,573)	5,510,357
Other	727,659	(17,776)	709,883	(77,497)	632,386

- **This portion of the long-term care budget has been reduced overall in the Governor’s budget by \$4,091,737 from the current biennium. The majority of the reduction was due to moving personal care to the Medicaid State Plan as required by legislation passed in the last session. Please refer to David Zentner’s testimony regarding this change.**
- **Qualified service providers (QSPs) have not received an increase in their rates for at least 3 years. An inflationary rate increase of 2% per year is included in the budget. The provider increase for these areas is just over \$600,000 total funds of which approximately \$500,000 is general funds. Aging Services has received concerns from several QSPs regarding their inability to continue to provide services without a rate increase.**
- **The average reimbursement for QSPs is \$9.64 per hour. This does not include travel time, only face-to-face time. It also does not include any fringe benefits such as social security, etc. since the QSPs are independent contractors.**

## **HOUSE CHANGES**

- **The House decreased the overall Home and Community Based services noted above by \$2,680,822 based upon a new estimate prepared by the Department for 2005-2007 using the actual number of clients receiving services and actual costs from March through November of 2004.**
- **The House increased the HCBS budget by \$226,800 to allow for an increase in the service cap for Homemaker Service from \$135 per month to \$185 per month. This change brings the cap back to the previous level in the 2001-2003 biennium. The cap, along with other service reductions and changes, was reduced in efforts to slow spending in SPED and Expanded SPED prior to a total freeze of both programs due to budget restrictions in the 2001-2003 biennium.**

**I would be happy to answer any questions you may have at this time.**