

**Department of Human Services
Human Services Committee
Representative Chuck Damschen, Chairman
July 22, 2014**

Chairman Damschen, members of the Human Services Committee, I am Julie Schwab, Director of Medical Services for the Department of Human Services (Department). I appear before you to provide information on North Dakota Medicaid transportation related payment levels and the process of requesting Medicaid transportation payments used by providers and the long-term care (LTC) study, including information relating to basic care rates and quality indicators for nursing homes.

Transportation

North Dakota Medicaid will pay for transportation services to a Medicaid-covered service with a Medicaid-enrolled provider if the service cannot be obtained free of charge and is not solely a convenience to the recipient. North Dakota Medicaid allows a non-commercial driver (not including a family member, friend or relative) or a commercial transportation provider to transport Medicaid recipients. The transportation fee schedule is updated based on legislative approved inflationary increases. See [Attachment A](#) for the North Dakota Medicaid non-emergency medical transportation fee schedule.

The initial process of requesting Medicaid payments for non-emergency medical transportation begins with enrolling as a North Dakota Medicaid provider. The request for payment must be for an active Medicaid recipient and the county social service office must approve the transportation request. If the criteria are met, a provider must complete

and submit a claim form, and the provider submits the form either electronically or on paper. An enrolled provider receives a non-emergency medical transportation manual and the Division responds to any specific questions or concerns as they arise.

Long Term Care Study

As part of the Department's 2013-15 appropriation, funding was authorized to commission a study of the LTC continuum. In July 2013, the Department contracted with Myers and Stauffer to complete the LTC study. An interim report was issued in March 2014 and included information on LTC bed capacity within the state, descriptions of the available services within the LTC continuum and cost drivers of LTC institutional services.

A final report was issued July 1, 2014. It builds upon the first report and includes additional analysis and presents findings and recommendations in the following areas:

- Five recommendations on policy considerations for state licensing requirements for basic care and assisted living
- Three recommendations on policy considerations for basic care rate setting
- Five recommendations for adding quality measures to nursing facility rate methodology
- Ten recommendations/policy considerations to help eliminate service gaps in the long term care continuum

Please refer to [Attachment B](#), the executive summary of the North Dakota Long Term Care Study.

Recommendations on policy considerations for state licensing requirements for basic care and assisted living:

- Recommendation 1: The scope of basic care facility licensure in North Dakota is comparable to state-funded residential services in other states with respect to provider standards for participation, staffing, consumer care and service requirements, physical building specifications, state department of health inspection, survey, enforcement, and oversight. The Department should develop solutions and strategies to overcome obstacles to basic care utilization. Explore best practices in other states, including waiver expansion.
- Recommendation 2: The scope of assisted living facility licensure in North Dakota is minimal and places significant responsibility on the assisted living providers to assure that consumer service needs are being met, and that quality care is being provided. The Department should raise awareness of assisted living policy implications and identify concerns regarding oversight and interest in establishing additional standards for care and services.
- Recommendation 3: Assisted living facilities primarily serve individuals who are able to pay with private funds; they serve very few individuals who are funded through Medicaid or the SPED program. The Department should develop and implement policy changes that will expand the availability and utilization of assisted living services by elderly and disabled individuals who are Medicaid and SPED-eligible.
- Recommendation 4: Basic care facility licensure requirements focus on the provider's responsibility to assess resident care needs and provide services, while assisted living facility licensure requirements

do not. This is a distinguishing feature of a facility that is depended upon to provide services, rather than just room and board. The Department should implement regular review of Medicaid and SPED assisted living facility clients to assure ongoing health, safety and welfare.

- Recommendation 5: State-funded clients in assisted living facilities have on average higher care needs than Medicaid-funded clients in basic care facilities. While this is consistent with the Department of Human Services level of care criteria for the two settings, it is not necessarily consistent with the level and scope of services and oversight provided in the two settings. The Department should convene a broader discussion regarding the state's overall strategy for Medicaid and state-funded residential services, particularly as a means to reduce long-term nursing facility placement, and should serve as third party reviewer for assessment and services of individuals in both settings.

Recommendations on policy considerations for basic care rate setting:

- Recommendation 6: The Department should phase-in an occupancy limit to the BCAP reimbursement methodology over a period of five years beginning with a 50% occupancy limit and increasing the percentage annually to 60%, 70%, 75% and finally 80%. This would provide greater consistency across the Medicaid program reimbursement systems as the nursing facility program already has an occupancy requirement. This would also encourage BCAP providers to become more efficient and look for alternative purposes for their unused bed capacity. The occupancy limit should be reevaluated each year based on more current census statistics.

- Recommendation 7: The Department should adopt a median plus methodology for calculating its cost center limits. The Direct Care cost center limit should be set at 125% of the median cost determined on assistance days in order to produce a relatively budget neutral outcome. The Indirect Care cost center limit should be set at 120% of the median cost determined on assistance days in order to also produce a relatively budget neutral outcome. Moving to a median plus methodology will strengthen the reimbursement system by creating a limit calculation that does not automatically limit a set number of providers. Tying the calculation to assistance days so that cost data from the most significant BCAP participants has the most influence.
- Recommendation 8: The Department should adopt policies that would include nearly all providers in the cost arrays. For providers that fail to submit a cost report on time and for providers that are not required to file a cost report due to a change of ownership, historical cost data should still be included in the cost array. In both cases older cost report data should be included in lieu of a new cost report and an appropriate inflation factor should be applied to this cost data so that it is trended to the same point as other costs included in the arrays.

Recommendations for adding quality measures to nursing facility rate methodology:

- Recommendation 9: Consider creating a Pay for Performance (P4P) including indicators for falls with injury, moderate to severe pain, increase need for help with ADLs and depressive symptoms.
- Recommendation 10: Incorporate some review of survey results to ensure consistency with other regulatory efforts.

- Recommendation 11: Implement a P4P measure tied to satisfaction only after a satisfaction survey process has operated for a few cycles.
- Recommendation 12: Limit P4P criteria and improvement as well as achievement.
- Recommendation 13: Audit/review provider submitted P4P documentation.

Recommendations and policy considerations to help eliminate service gaps in the long term care continuum:

- Recommendation 14: Review the website and current program materials, identify needed changes, additions and enhancements, and develop a strategy and timeline for implementation.
- Recommendation 15: Expand the services that can be performed through Options Counseling, as well as work with participating hospitals to educate discharge planners.
- Recommendation 16: Implement initial, annual, and when changes occur level of care reviews for nursing facility residents according to the same criteria applied for individuals who are on the HCBS Waiver Program.
- Recommendation 17: Evaluate issues and problems and develop a comprehensive strategy to improve accessibility and availability of services, particularly for elderly Medicaid individuals with behavioral health problems.
- Recommendation 18: Engage workforce development experts to create a statewide strategy for addressing workforce issues.

- Recommendation 19: Identify and resolve any policy and process issues that present obstacles; develop a proactive and concerted strategy to develop additional transportation providers.
- Recommendation 20: Further develop, expand, and foster the Medicaid 1915(c) waiver, personal care, and other services needed to promote the ability of seniors to maintain their own homes and to age in place.
- Recommendation 21: Expand minimum data set (MDS) reviews for nursing facility residents.
- Recommendation 22: Evaluate whether the number and scope of home and community based services (HCBS) reviews that are currently being performed are sufficient or whether additional staffing resources are needed.
- Recommendation 23: Consider implementing consumer interviews and satisfaction reviews.

The LTC final report is available on the Department's website at:

<http://www.nd.gov/dhs/info/pubs/docs/medicaid/ltc-interim-report-final.pdf>

This concludes my testimony and I would address any questions that you may have.