

## Long Term Care: Bracing For Cutbacks

The State of North Dakota is projecting a **budget deficit of over \$1 billion dollars** primarily due to falling oil revenues. The State is not allowed by law to operate at a deficit; therefore, the Governor required state agencies to **reduce their expenditures by 4.05%**.



Nursing facility rates are **projected to decrease at least \$25.1 million annually** beginning January 1, 2017, when the North Dakota Department of Human Services

implements plans to reduce its biennium budget (2015-2017) by \$53.9 million dollars in State general funds.

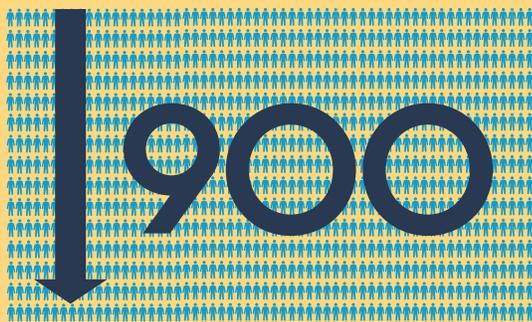
### The Cutbacks Will Be Devastating

The **\$25.1 million dollar reduction** represents an estimated **5.0% decrease in overall revenue** to nursing facilities, thereby putting them in a position of not having enough revenue to cover their core costs of labor, supplies and facility operations.

**Current spending limits are based on 2010 cost reports.** On January 1, 2017, spending limits were scheduled to be updated using the 2014 costs reports. Limits will not be updated as planned, thereby allowing the State to continue using 2010 cost reports as the basis for paying nursing facilities for services rendered. **This results in an additional \$6.1 million dollars of lost revenue to nursing homes, which is above and beyond the \$25.1 million in planned cutbacks.**

# Long Term Care: Forced to Consider Reducing Staff

Long term care is a service-based industry that is delivered by more than 13,000 dedicated caregivers. Since the overwhelming majority of nursing home costs are related to labor, even the slightest cuts in reimbursement require nursing facilities to reduce wages, benefits and staffing levels.



Long term care facilities would need to **cut an estimated 900 full-time caregiver positions** to make up for the \$25.1 million reductions in revenue.

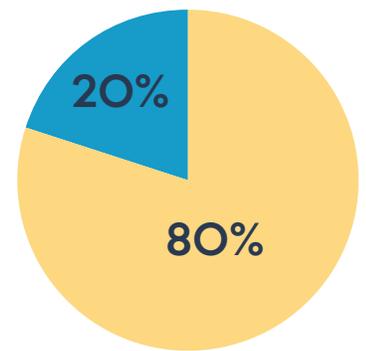
*(Calculations based on an average wage of \$28,000/year for Certified Nursing Assistants)*

## Maintaining adequate staffing levels is paramount to delivering quality care.

Understaffing within nursing homes in other areas across the nation has proven to put residents at higher risk of falls, pressure sores, infections and hospitalizations. Also, reductions in staff are not only devastating to residents, but also to the affected caregivers, their families and their communities.

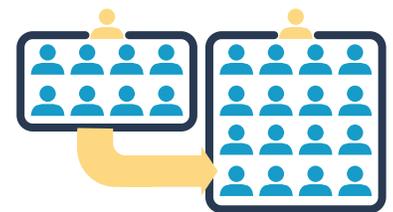


Upwards to **80% of all nursing home costs** are related to **staffing costs** such as **employee wages & benefits, as well as therapy services and other contracted labor.**

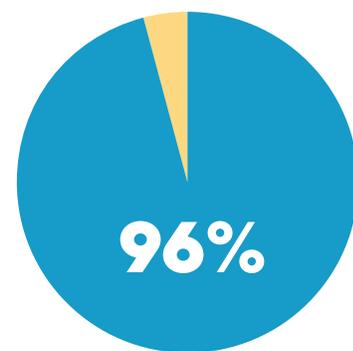


## Caregiver-to-Resident Ratios Could Double

The State's plan to cut reimbursement would reduce the annual revenue of



Sheyenne Care Center in Valley City by an estimated **\$808,000, which equates to 23 full-time caregiver positions.** If this were to occur, staffing ratios on day shifts could go from **1 caregiver to every 8 residents to a new ratio of 1 caregiver to every 16 residents.**

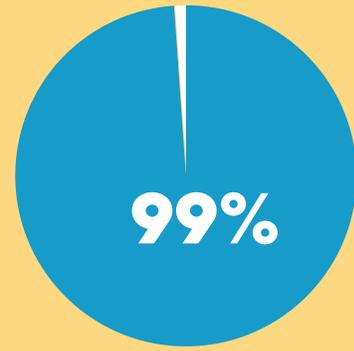


**96% of all nursing homes in North Dakota are non-profit organizations,** yet they still need to generate enough revenue to cover expenses and maintain adequate staffing levels and facility improvements. (77 of 80 facilities)

## State Legislature Strong Supporters of Long Term Care



In 2001, 2009 and 2013, the State legislature approved salary enhancements that enabled nursing facilities to increase the salaries and benefits of caregivers, as well as expand hours to provide more direct care staff.



**99% of all revenue received by ND nursing facilities is controlled by either the state or federal government.**

North Dakota law protects private paying residents and assures they will not be charged more than the prevailing Medicaid rates, thus not shifting the burden to those who have resources and assets.

### Current payer sources for North Dakota nursing facilities

Medicare	7.7%
Medicaid	52.7%
Private Pay	38.7%
Other	0.9%
<b>Total</b>	<b>100%</b>

# Long Term Care Needs Your Help

You can demonstrate your commitment to long term care residents by:  
**Supporting funding restoration to long term care facilities that provide care to our parents and grandparents.**

To find a list of legislators serving your community, visit the North Dakota Legislative Branch website ([www.legis.nd.gov](http://www.legis.nd.gov)).

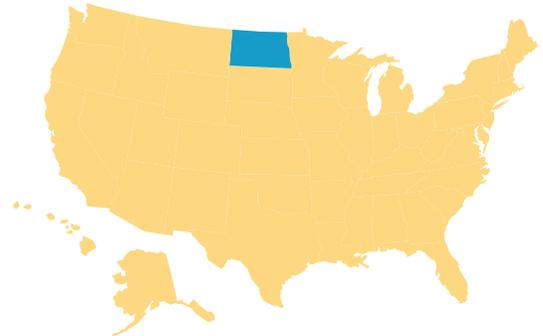
## Important Milestones

**On July 1, 2017**, restore funding to the nursing facility and basic care payment system.

Provide an **inflationary adjustment** in the 2017-2019 biennium.

## North Dakota Outperforms Other States

62.5% of North Dakota nursing facilities achieved 4 or 5 Star ratings as compared to 46.6% of U.S. nursing facilities.



*Source: Centers for Medicare & Medicaid Services (February 2016)*

## The Bottom Line:

North Dakotans have always worked together to assure quality care is provided for long term care residents. Let's commit to continuing this tradition in 2017, and for generations to come.

**Nursing homes and basic care facilities need their funding restored in the 2017 Legislative Session.**

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