# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M

ROLL NUMBER

DESCRIPTION

1273

2007 HOUSE HUMAN SERVICES

HB 1273

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1273

House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: 1500

Committee Clerk Signature Judy Schock

Minutes:

**Chairman Price:** opens the hearing on HB 1273

**Representative Todd Porter, District 34 Mandan, ND**: the purpose for this piece of legislation is over the years as the Health care community has struggled with the low reimbursement rates from Medicare program, which is a Federally run entitlement in the Medicaid program . It is becoming increasingly more difficult for those medical providers to have the necessary funds to do capital equipment purchases. It is becoming more difficult for professionals to do the angiograms with out the 5-6 million dollars ct scanners. There are a whole gamete of things out there the health care providers are having problems securing the funds and having them available, because of the reimbursement rates. The rural and urban areas don't have a way to advance themselves in the area of technology. This is truly for the rural and urban situations all across health care. The program is designed to be a mirrored image of a pace program with Bank of ND.

**Arnold Thomas, with NDHA:** Mr. Thomas was very difficult to hear. I am in support of HB 1273. If we built a building or purchased a piece of equipment, that was a separate recognized cost of doing business. ND makes up costs by commercial carriers such as Blue Cross. Diagnostic equipment is a major challenge we are facing the majority of the institution. This is

particularly acute in the rural locations. This measure before you will assist in those decisions at the local level. As you know computers are our future. We are 3 years older on average in physical structure in ND, than pure institutions across the country. Three years may not seem like much, but it is significant in terms of fire and safety codes, and also significant in terms of quality standard that are continually involved in institutions.

**Representative Kaldor:** In relating to the various things that would qualify, do some of those elements qualify for some reimbursement?

**Mr. Arnold:** It would depend on how the institution has the capital program put into place. What the committee needs to understand in terms of meeting challenges, or day to day maintenance. The first thing that would happen and it is not just hospitals, it is almost any organization with capital investment, where you are close to not breaking even.

**Chairman Price:** Even though the dollar amounts over, for example in our electronic records, projects it would probably be just for the actual equipment, not for all of the 18 months of training and everything that went into it.

**Mr. Arnold:** An example, Stanley Hospitals relationship with Trinity Hospital. One of the issues that is being sorted currently is how, and the hospital in Stanley connect electronically using key 1 line and benefit from the radiology services that are available at Trinity. The cost of that project excluding the on going operational expenses on the key 1 line is about 250-300,000 dollars. You need something at the Stanley facility, and you need something at the Trinity facility. This program would also keep the focus on what is the cost and enable us to do it at a lower price of dollars.

**Representative Potter:** Would there be a local lenders interested that we might be knocking out? If there aren't local lenders that would be interested is it because it is a poor risk?

**Bob Humann, senior Vice President of lending through the Bank of ND:** The bank supports HB 1273.I would tell you, I think this is a great concept. We have financed medical equipment in the past under a program that we have at the bank called West Pace. In the current biennium we opened up for a new concept called Flex Pace. It is geared more for central community services where there are no jobs creating requirement that goes with that program. That is the program we have financed some equipment this biennium so far under Pace. We just wanted the committee to know this is an option. We are very short of Pace dollars, and depending how the session ends up at this point we may not be able to have Flex Pace available again. Local lenders would possibly be interested, but by using a Pace loan with the cash flow on that loan would be a lot more attractive.

**Chairman Price:** Would a dentist out of school be able to buy equipment?

**Mr. Humann:** By looking at the legislation, page 2, line 6. I guess I don't know what this committee considers what a medical provider is?

**Representative Hofstad:** On page 2 and line 13. When you talk about economic conditions in the city, I expect that to would be part of the process in making these rules, but I am curious as to what do you envision being the criteria for those conditions?

**Mr. Humann:** That is language that is being taken from the existing statue. That means if we are looking at a Pace loan in a larger community. It means the State of ND could provide 65% of the interest buy down, and the local community can provide 35% of the interest buy downs.

**Chairman Price:** Any one else in favor of HB 1273, any opposition? If not we will close the hearing on HB 1273.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1273

House Human Services Committee

☐ Check here for Conference Committee

Hearing Date: January 22, 2007

Recorder Job Number: 1502

Committee Clerk Signature Judy Schock

Minutes:

**Chairman Price:** take out HB 1273.

**Representative Conrad** makes a motion for a do pass RR/Appropriations, seconded by **Representative Kaldor.**

Discussion by the committee about Representative Price asked a question in regards to other practices such as dentistry, and others in the committee would even look at optometry, and medical provider being just that. Not limited to hospitals and clinics, but the community needs to make a pitch and presentation so the funds could be used to enhance other areas in the community. It is the committee's intent to improve rural access. We might use tela medical and tap into other medical facilities. The program the way it is currently does not compete against the local market for revenue. Is there a definition in the state law what a medical provider is? Do we need to put in an amendment in? **Dr. Thomas** says the word licensed is the key word.

The vote was taken with 12 yeas, 0 nays, and 0 absent. **Representative Weisz** will carry the bill to the floor.

Date: 1/22
Roll Call Vote #:

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** "Click here to type Bill/Resolution No."

House HUMAN SERVICES HB 1273 Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Do Pass RR/ Hcp

Motion Made By Rep Conrad Seconded By Rep Kaldor

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Clara Sue Price – Chairman | ✓ | | Kari L Conrad | ✓ | |
| Vonnie Pietsch – Vice Chairman | ✓ | | Lee Kaldor | ✓ | |
| Chuck Damschen | ✓ | | Louise Potter | ✓ | |
| Patrick R. Hatlestad | ✓ | | Jasper Schneider | ✓ | |
| Curt Hofstad | ✓ | | | | |
| Todd Porter | ✓ | | | | |
| Gerry Uglem | ✓ | | | | |
| Robin Weisz | ✓ | | | | |
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Total (Yes) 13 No 0

Absent 0

Floor Assignment Rep Weisz

If the vote is on an amendment, briefly indicate intent:

## REPORT OF STANDING COMMITTEE

**HB 1273: Human Services Committee (Rep. Price, Chairman)** recommends **DO PASS** (12 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1273 was rereferred to the **Appropriations Committee.**

2007 HOUSE APPROPRIATIONS

HB 1273

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1273

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: January 29, 2007

Recorder Job Number: 2203

| Committee Clerk Signature |
|---|

Minutes:

**Chm. Svedjen** called the meeting to order to take up HB 1273, a bill related to the creation of medical provider partnerships for community fund loan program by calling on **Rep. Todd Porter,** District 34.

**Rep. Porter:** explained the bill on behalf of **Rep. Clara Sue Price.** This is a way to assist the medical community in purchasing this equipment. This would establish its own medical pace program.

**Chm. Svedjen**: Has there ever been a time when Flex Pace has been used by medical providers?

**Rep. Porter:** There have been instances in which dollars have spilled over into Flex Pace. There is not a lot of money in that program.

**Rep. Kempenich:** You have a maximum of $400,000. What would you do with that?

**Rep. Porter:** Cancer care centers that would be somewhere between $10m-15m. There many things. Numerous examples were given.

**Rep. Aarsvold:** Is there any concern that we would be duplicating equipment? Especially when there are two facilities in a community.

**Rep. Porter:** Each facility has to stand on its own merits. Even with an interest buy down they still have to pay back the principle.

**Rep. Kerzman**: (Ref: 5:59) Are there any concerns for the medically underserved? How will applicants be screened?

**Rep. Porter:** It is up to the different facilities. They have to come with a plan and have a way to pay back the principle.

**Chm. Svedjen:** What was the real impetus for you to introduce this bill? Were you getting a lot of input from providers? What is the level of support among the medical associations?

**Rep. Porter:** Concerns are over the fact that in Medicaid and Medicare and the uncompensated care that they provide they are running out of funds to keep up with technology. The Flex Pace program is not funded as well as needed.

(Recorder Failure)

**Rep. Skarphol:** "Other Flex Pace programs" – p.2, line 3?

**Rep. Porter:** It's identical language.

**Rep. Wald:** What's the definition of "medical provider?"

**Rep. Porter:** The bank would establish that language.

**Rep. Wald:** Do you envision nursing homes using this to add a wing on to a facility?

**Rep. Porter:** No. This is truly for capital purchases.

**Rep. Glassheim:** How much in is the regular PACE fund?

**Allen Knudson, Legislative Council:** $4.5 million.

**Rep. Glassheim:** For all loans?

**Mr. Knudson:** Right.

**Rep. Price:** There is currently a moratorium on beds for nursing homes.

**Rep. Hawken:** Did you prioritize how this bill stacks up against dental reimbursement?

**Rep. Porter:** No.

**Rep. Kempenich:** Was any sum other that $5 million discussed?

**Rep. Porter:** No.

**Rep. Carlisle motioned for a Do Pass. Rep. Aarsvold seconded the motion. The motion failed by a roll call vote of 11 ayes, 11 nays and 2 absent and not voting.**

**Rep. Wald motioned for a Do Not Pass. Rep. Carlson seconded the motion. The motion carried by a roll call vote of 13 ayes, 9 nays and 2 absent and not voting. Rep. Wald was designated to carry the bill.**

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1273

House Appropriations Committee
Government Operations Division

☐ Check here for Conference Committee

Hearing Date: 2/7/07

Recorder Job Number: 2995

Committee Clerk Signature Tonya Voegele

Minutes:

Chairman Carlson opened the hearing on House Bill 1273.

The bill was voted DO NOT PASS in the Full Committee. The Government Operations subcommittee has decided to bring it up for reconsideration.

Representative Porter spoke in support of the bill.

One of the changes that the amendments would make is to add that the communities would have a population of less than 20,000.

**Representative Thoreson:** What about the communities of 20,000 or less that have medical providers that are tied to the "big boys" for example MeritCare, MedCenter, St Alexius, or Innovis, would they still qualify for these programs?

**Representative Porter:** Yes they would. For example, there is a system called PAX. The PAX system has the central brainwork at the big hospitals. All of their regional hook ups would eventually have the capabilities to digitalize the medical records and as far down as x-rays or CAT scans. The person, hypothetically saying, a person has a stroke in Dickinson. Dickinson doesn't have a neurologist or a neurosurgeon and they never will. The current technology is

that if you get the clot busting drugs to that patient within six hours of the onset of symptoms you can reverse that stroke to where it was nothing. In that situation then you also take out all of the added expense of rehab, potential nursing home and on the states dollar, Medicaid. If we can treat those patients it would save us in the future for that kind of expense. In order to read that CAT scan, they have to digitalize it and they have to send it someplace. The facilities in Bismarck, after hours, are even using a company in Australia to read their x-rays. The radiologists in Bismarck work 8-5. After five it goes to Australia and they read them. To answer your question is yes, they still could use it to buy infrastructure to connect into these kinds of systems. Most of the facilities, all of them that I know of in rural North Dakota, they may have specialists that come out to see patients in those communities from the bigger hospitals. As far as the ownership of the facility and equipment, that is still a local community type situation.

**Representative Skarphol:** So how many of these rural communities have that CAT scanning ability that you are referring to?

**Representative Porter:** That was just one example. A lot of the rural facilities have the portable CAT scan truck that pulls in for a day.

**Representative Skarphol:** What would we look forward to as far as utilization of this program?

**Representative Porter:** I see it as kind of a 50/50 mix. I see that half would be used for IT infrastructure type interconnectivity between healthcare facilities and the other half I see as upgrading to the next generation of technology and equipment inside of their facility.

**Vice Chairman Carlisle:** On page four, would you object if we took it down to $250,000?

**Representative Porter:** The actual verbiage in the bill starting on page one is the exact mirror image of the BioPACE program that was put into place last session.

**Chairman Carlson:** The hard part of this is getting over the fact that with the prices people pay for medical care and salaries that people make in the facilities they are in, you don't really build a hardship case for these hospitals and doctors. I do feel it for the rural ones.

**Representative Porter:** The thing that I would have you keep in mind is that, when you look at a facility and you are going to look at a huge facilities like Bismarck or Fargo, they have multiple tiered systems with for profit and non-profit sides. Now you go out to a facility in Turtle Lake, and at the community hospital where their patient mix is about 70% or higher Medicare, they don't even get to the break even point some times because of the poor reimbursements.

**Chairman Carlson:** How do we get the money to the right people? I am all for this, I just want to make sure that the right people get it.

**Representative Porter:** Representative Skarphol and I decided that the limiting language under definitions of the community is the way to go. Then we are going to make sure that you are into those communities. Another thing you could do, and I am mixed on this, is the medical provider definition. If a community decides that they want a dentist or even a primary care physician, if they want to go out as a community and try to get that individual out there and that person needs to come in without any additional loans and overhead and they want to use this kind of a fund to buy down the interest on a loan to equip that office and have that person in there, I think that should be allowed. If you want to try to narrow it down to where it is just the medical facilities in that community that can access this fund then I think you are leaving out a whole other component of access that we are truly trying to focus on this session.

**Representative Skarphol:** How do we define that?

**Representative Porter:** We could add a number three under the definitions. It could read medical provider partnership, leave that, and down on line twelve where it says loans to medical providers as provided under this chapter you could specify that as loans to rural

hospitals under this chapter. Then number three you could go and put primary care practices that are dealing specifically with primary care. Then name them such as, family practice physicians, dentists and you could get that narrowed that way.

**Chairman Carlson:** Eric, do you have the ability to write guidelines?

**Representative Glassheim:** page two line 22

**Chairman Carlson:** But you could do rules beyond that correct?

**Eric Hardmeyer:** That is correct.

**Chairman Carlson:** If we can clarify what we want done here I don't think it needs to be in the budget.

**Representative Porter:** I do think you want to get down to the level of primary care and access. You don't want a chiropractor or the big facility coming in and setting up a satellite clinic and fully equipping it with this money. The issues we want to go after are technology in the rural communities, and primary care access in the rural communities. The areas we identified in Human Services are family practice, internal medicine and dentistry.

**Chairman Carlson:** Who is going to write subsection three?

**Representative Skarphol:** Representative Porter, are you comfortable sitting down with Legislative Council and coming up with the language.

**Representative Porter:** Yes.

**Representative Glassheim:** Is there something that says how much the community has to put in?

**Eric Hardmeyer:** The intent is the same as PACE, using the same formula. It depends on the size of the community but is usually 20-30%.

**Chairman Carlson:** Where does it say that?

**Representative Skarphol:** On the top of page two, about half way in on the third line. There has to be evidence of that community's commitment. Then the bank has to make that judgment as to their ability.

**Eric Hardmeyer:** Under number four, lines 15-19, it talks about the community fund participation. That is the language of the PACE program. We would implement the same rules that we have for PACE.

**Chairman Carlson:** Do we need to say that in here if this bill stands alone?

**Eric Hardmeyer:** It may be helpful.

**Representative Skarphol:** I think we would have a much easier time in getting this passed through Appropriations if we can take out section three and just make this part of the PACE program.

**Eric Hardmeyer:** Section three is exactly what we do in PACE.

**Representative Skarphol:** I don't know if we need a specific appropriation for this project if we put enough money in to cover what we think is an appropriate amount of the cost. The number that has been floating in my head is to put $2million in this session and see what the utilization is like.

**Eric Hardmeyer:** I think that is a good idea as starting some kind of a pilot program.

**Representative Porter:** The only thing, I don't have a problem with that, the only thing I would caution you on is that if it is lumped in to PACE, that flex PACE is kind of a secondary thing after all the big PACE things are looked at so it is possible that all of the money could go into PACE and none could hit flex PACE or med PACE. If we are going to earmark $2million for this project, I don't have a problem with that as long as inside of the PACE budget that it is earmarked for this so that it does not go anywhere else.

**Eric Hardmeyer:** I think that could be handled simply with legislative intent.

**Chairman Carlson:** What is the benefit for lumping it together or keeping it separate?

**Representative Porter:** It would be easier to track if would be utilized if it is separate.

**Representative Skarphol:** If it is not all used, do we want them to be able to transfer for the need of PACE?

**Allen Knudson:** We could expand the BioPACE language to include MedPACE.

**Representative Skarphol:** I think we should try to get the language cleaned up to where it does what we want it to do then we should put a $2million appropriation and section three and pass the bill. Limit it to $200,000 and 20,000 population and the other changes we discussed about primary care.

**Chairman Carlson:** Representative Porter, what is your preference?

**Representative Porter:** I would leave it as a bill.

**Eric Hardmeyer:** Is there a good definition of primary care?

**Representative Porter:** It is in statute.

**Chairman Carlson:** Representative Skarphol, Representative Porter and Mr. Knudson are going to get together and get the language figured out on this bill and when you have it done we will bring it back and address it and this committee will take it back to full committee.

# 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1273

House Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: February 9, 2007

Recorder Job Number:

Committee Clerk Signature Holly N. Sam

Minutes:

**Chm. Svedjan** called the meeting of the Full House Appropriations Committee to order.

**Rep. Skarphol moved to reconsider HB 1273. Rep. Wald seconded the motion. The motion passed by voice vote.**

**Rep. Skarphol moved to adopt Amendment .0102 to HB 1273. Rep. Carlisle seconded the motion. The motion passed by voice vote.**

**Rep Skarphol** explained the amendment, the intent being to limit the use to communities of 20,000 or less and make it more workable for those small communities that have limited resources. It also defines what a medical provider is. Lowered the Pace Fund from $5m to $2m.

**Chm. Svedjen:** This still involves an appropriation out of the general fund to fund this program in the bank of North Dakota.

**Rep. Skarphol**: $2m.

**Chm. Svedjen:** Do you know how many Primary Care Family Practice and Internal Medicine stand alone clinics there are in North Dakota?

**Rep. Skarphol:** We don't have numbers but it is very limited in dollars. It could only be used about 8 times.

**Chm. Svedjen:** About 95% of North Dakota physicians are a part of the "system" so they would be disqualified from this.

**Rep. Wald**: Would a town of 20,000 qualify as a rural hospital?

**Rep. Skarphol:** It would take care of Mandan, for example. The "big four" would be out.

**A voice vote to adopt amendment .0102 passed.**

**Rep. Skarphol moved to pass HB 1273 as amended. Rep. Thoreson seconded the motion. The motion passed by roll call vote of 21 yea, 1 nay, 2 absent and not voting.**

**Rep. Porter will be the carrier of the bill.**

Date: January 29, 2007
Roll Call Vote #: 1

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO. 1273**

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number —

Action Taken Do Pass

Motion Made By Carlisle Seconded By Aarsvold

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Svedjan | ✓ | | | | |
| Vice Chairman Kempenich | | ✓ | | | |
| | | | | | |
| Representative Wald | | ✓ | Representative Aarsvold | ✓ | |
| Representative Monson | ✓ | | Representative Gulleson | — | |
| Representative Hawken | | ✓ | | | |
| Representative Klein | ✓ | | | | |
| Representative Martinson | ✓ | | | | |
| | | | | | |
| Representative Carlson | | ✓ | Representative Glassheim | | ✓ |
| Representative Carlisle | ✓ | | Representative Kroeber | ✓ | |
| Representative Skarphol | | ✓ | Representative Williams | — | |
| Representative Thoreson | ~~AA~~ | ✓ | | | |
| | | | | | |
| Representative Pollert | | ✓ | Representative Ekstrom | | ✓ |
| Representative Bellew | | ✓ | Representative Kerzman | | ✓ |
| Representative Kreidt | ✓ | | Representative Metcalf | ✓ | |
| Representative Nelson | ✓ | | | | |
| Representative Wieland | ✓ | | | | |
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Total (Yes) 11 No 11

Absent 3

Floor Assignment —

If the vote is on an amendment, briefly indicate intent: motion fails

Date: 1/29/07
Roll Call Vote #: 2

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 1223

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number —

Action Taken Do not pass

Motion Made By Wald Seconded By Carlson

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Svedjan | | ✓ | | | |
| Vice Chairman Kempenich | ✓ | | | | |
| | | | | | |
| Representative Wald | ✓ | | Representative Aarsvold | | ✓ |
| Representative Monson | ✓ | | Representative Gulleson | — | |
| Representative Hawken | ✓ | | | | |
| Representative Klein | ✓ | | | | |
| Representative Martinson | | ✓ | | | |
| | | | | | |
| Representative Carlson | ✓ | | Representative Glassheim | ✓ | |
| Representative Carlisle | | ✓ | Representative Kroeber | | ✓ |
| Representative Skarphol | ✓ | | Representative Williams | — | |
| Representative Thoreson | ✓ | | | | |
| | | | | | |
| Representative Pollert | ✓ | | Representative Ekstrom | ✓ | |
| Representative Bellew | ✓ | | Representative Kerzman | ✓ | |
| Representative Kreidt | | ✓ | Representative Metcalf | | ✓ |
| Representative Nelson | | ✓ | | | |
| Representative Wieland | | ✓ | | | |
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Total (Yes) 13 No 9

Absent 2

Floor Assignment Wald

If the vote is on an amendment, briefly indicate intent:

Date: 2/9/07
Roll Call Vote #: 1

## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
## BILL/RESOLUTION NO. 1273

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number —

Action Taken Reconsideration of 1273

Motion Made By Skarphol Seconded By Wald

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Svedjan | | | | | |
| Vice Chairman Kempenich | | | | | |
| | | | | | |
| Representative Wald | | | Representative Aarsvold | | |
| Representative Monson | | | Representative Gulleson | | |
| Representative Hawken | | | | | |
| Representative Klein | | | | | |
| Representative Martinson | | | | | |
| | | | | | |
| Representative Carlson | | | Representative Glassheim | | |
| Representative Carlisle | | | Representative Kroeber | | |
| Representative Skarphol | | | Representative Williams | | |
| Representative Thoreson | | | | | |
| | | | | | |
| Representative Pollert | | | Representative Ekstrom | | |
| Representative Bellew | | | Representative Kerzman | | |
| Representative Kreidt | | | Representative Metcalf | | |
| Representative Nelson | | | | | |
| Representative Wieland | | | | | |
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Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote carries.

#1

70614.0102
Title.0200

Prepared by the Legislative Council staff for
Representatives Porter and Skarphol
February 6, 2007

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1273

Page 1, line 8, after "county" insert "with a population of fewer than twenty thousand"

Page 1, after line 10, insert:

"2. "Medical provider" means a rural hospital or a primary care family practice or internal medicine physician, nurse practitioner, or dentist in a stand-alone clinic setting."

Page 1, line 11, replace "2." with "3."

Page 2, line 16, replace "four hundred" with "two hundred fifty"

Page 2, line 28, replace "$5,000,000" with "$2,000,000"

Renumber accordingly

Date: 2/9/07
Roll Call Vote #: 2

**2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 1273

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70614.0102

Action Taken Adopt Amend. 0102

Motion Made By Skarphol Seconded By Carlisle

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Svedjan | | | | | |
| Vice Chairman Kempenich | | | | | |
| | | | | | |
| Representative Wald | | | Representative Aarsvold | | |
| Representative Monson | | | Representative Gulleson | | |
| Representative Hawken | | | | | |
| Representative Klein | | | | | |
| Representative Martinson | | | | | |
| | | | | | |
| Representative Carlson | | | Representative Glassheim | | |
| Representative Carlisle | | | Representative Kroeber | | |
| Representative Skarphol | | | Representative Williams | | |
| Representative Thoreson | | | | | |
| | | | | | |
| Representative Pollert | | | Representative Ekstrom | | |
| Representative Bellew | | | Representative Kerzman | | |
| Representative Kreidt | | | Representative Metcalf | | |
| Representative Nelson | | | | | |
| Representative Wieland | | | | | |
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| | | | | | |

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Voice Vote carries

Date: 2/9/07
Roll Call Vote #: 3

## 2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES
## BILL/RESOLUTION NO. 1073

House Appropriations Full Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass as amended 0102

Motion Made By Skarphol Seconded By Thoreson

| Representatives | Yes | No | Representatives | Yes | No |
|---|---|---|---|---|---|
| Chairman Svedjan | ✓ | | | | |
| Vice Chairman Kempenich | ✓ | | | | |
| | | | | | |
| Representative Wald | ✓ | | Representative Aarsvold | ✓ | |
| Representative Monson | ✓ | | Representative Gulleson | — | |
| Representative Hawken | ✓ | | | | |
| Representative Klein | | ✓ | | | |
| Representative Martinson | ✓ | | | | |
| | | | | | |
| Representative Carlson | ✓ | | Representative Glassheim | ✓ | |
| Representative Carlisle | ✓ | | Representative Kroeber | ✓ | |
| Representative Skarphol | ✓ | | Representative Williams | ✓ | |
| Representative Thoreson | ✓ | | | | |
| | | | | | |
| Representative Pollert | ✓ | | Representative Ekstrom | ✓ | |
| Representative Bellew | — | | Representative Kerzman | ✓ | |
| Representative Kreidt | ✓ | | Representative Metcalf | ✓ | |
| Representative Nelson | ✓ | | | | |
| Representative Wieland | ✓ | | | | |
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Total (Yes) 21 No 1

Absent 2

Floor Assignment Porter

If the vote is on an amendment, briefly indicate intent:

## REPORT OF STANDING COMMITTEE

**HB 1273: Appropriations Committee (Rep. Svedjan, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (21 YEAS, 1 NAY, 2 ABSENT AND NOT VOTING). HB 1273 was placed on the Sixth order on the calendar.

Page 1, line 8, after "county" insert "with a population of fewer than twenty thousand"

Page 1, after line 10, insert:

"2. "Medical provider" means a rural hospital or a primary care family practice or internal medicine physician, nurse practitioner, or dentist in a stand-alone clinic setting."

Page 1, line 11, replace "2." with "3."

Page 2, line 16, replace "four hundred" with "two hundred fifty"

Page 2, line 28, replace "$5,000,000" with "$2,000,000"

Renumber accordingly

2007 SENATE HUMAN SERVICES

HB 1273

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1273

Senate Human Services Committee

☐ Check here for Conference Committee

Hearing Date: 3-5-07

Recorder Job Number: 4342, 4394

Committee Clerk Signature Mary K Monson

Minutes:

Chairman Senator J. Lee opened the hearing on HB 1273 relating to the creation of a medical provider partnership in assisting community expansion fund loan program; to provide a transfer; and to provide an appropriation.

Representative Todd Porter (District #34) Introduced HB 1273. It was based on work that was done during the interim and on concerns regarding reimbursement. What it really amounts to is an interest buy down program for medical equipment. The reason it is directly tied to reimbursements is because, when dealing with medical providers running over 50% of their patients on the Medicare and Medicaid program, they tend to be below their cost of operating. They can't adjust their payrolls much. They have to stay competitive. What hurts them is their ability to buy new equipment and to modernize and stay modernized.

This was amended in the House to focus on rural (meter 2:55). The House heard a concern about access and to primary care.

He gave a brief overview of the program. The program works the same as any of the other PACE programs. There is a community match, a partnership between the Bank of ND and a local community bank that is worked out to include the buy down for the interest.

Senator Warner said there is no distinction made between private for profit companies and non profits, is there?

Rep. Porter – No there is not.

Senator Warner asked him to address the House amendment to restrict to fewer than 20,000.

Rep. Porter – It really cuts out the five large communities – Bismarck, Minot, Grand Forks, Fargo and West Fargo. That wasn't the way the bill was introduced or intended. He didn't object to putting it back so it is really a program that follows the needs of healthcare.

One of the things that was discussed on the House side was just the infrastructure in technology with the large anchor communities and their health care facilities out in the rural communities and that connection.

Senator J. Lee asked what would happen if one of the big providers has a satellite in a smaller community and would apply for this if they were going to set up a new satellite in a small town under 20,000. Would they be prevented from doing that because the primary home office was in a community larger than 20,000 people?

Rep. Porter said he would not see that as a restriction if it was a true situation where there was something needed at both ends to make that connection. There would be a restriction at the main campus side of it and there wouldn't be at the new facility side of it.

Senator J. Lee – That's the goal but is that what it says?

Rep. Porter referred her to 1 and 2 in the definitions (meter 8:00).

Senator Warner asked if it excludes ambulances.

Rep. Porter said it does.

Senator Dever asked if we have done things like this in the past.

Rep. Porter replied that inside of the PACE program there is a program that the Bank of ND created called Flex PACE. With conventional PACE which is targeted toward manufacturing

and primary sector jobs, if that money is not used up in a biennium, they have had a program called Flex PACE. That expands it. They have had a couple of hospitals take advantage of Flex PACE.

Arnold Thomas (President of ND Health Care Association) testified in support of HB 1273 and encouraged the committee to return it to its initial configuration. (Meter 10:50) He gave examples as to why that would be preferred versus the way the bill is currently structured. All rural medicine in ND is tied in some way to one of the four major referral centers – Minot, Grand Forks, Bismarck and Fargo.

(Meter 15:20) He suggested amendments to clean up the language and put the bill back into its original form. He said that some policymakers believe there is greater need in rural ND than there is in many of the larger urban centers. He said that is not true. The original purpose behind 1273 would be better served if those restrictions were eliminated.

Senator J. Lee asked if he would like to return to the original definition of community.

Mr. Thomas – Yes.

Senator J. Lee asked if there is a different definition of medical provider in the original bill.

Mr. Thomas said he thought the medical service provider is actually a confusing element. He didn't believe it was in the original bill.

Senator J. Lee said it talks about medical provider partnership in assisting community expansion fund. It just talks about the fund. Medical provider was an addition in the House?

Mr. Thomas – Right. When questions like that came up the recommendation was that the bank, in administering the program, would have some latitude in setting that forth. If it is important as to who is and who isn't a medical provider one way is to reference licensed. One of the capital challenged groups are ambulances. To preclude them from having access to a

buy down option would be very short sighted whether they be commercial activities and/or volunteers.

Senator Dever asked about the reasons for the restrictions—because the dollars are finite and they want to focus it where it's going to do the most good or because the larger hospitals have more resources and don't need it:?

Mr. Thomas said that is the perception and it has no foundation (meter 19:28).

Senator J. Lee asked Rep. Porter what the reason was in the House for the focus on hospital, clinics. Was it just a matter of trying to prioritize the dollars?

Rep. Porter replied that the bill out of the policy committee was passed unanimously over to appropriations in its original form (meter 22:10).

Senator Dever asked if the appropriations committee changed the dollars or just the policy.

Rep. Porter replied both.

(Meter 24:05) There was a short discussion on the definition of community pertaining to Mandan and Morton County.

Bob Humann (Bank of ND) testified in favor of HB 1273. He said they did finance two hospitals during this biennium with the Flex PACE program – Richardton and Linton. They both purchased some equipment and restructured some debt under the Flex PACE program. Flex PACE is an offshoot of PACE where there is not a jobs creation requirement. It is focused on financing essential community services or essential community businesses which they would deem a hospital to be.

Senator Erbele asked what is offered as security.

Mr. Humann said it is generally just the equipment of the hospital.

Senator Warner asked if the job creation requirement preclude volunteer organizations such as rural EMT organizations from accessing PACE.

Mr. Humann said the PACE is really earmarked for manufacturing. There is no wage requirement. It is solely driven by job creation. With Flex PACE there is no jobs creation and no wage requirement. Could a non profit group that would be in critical emergency service business qualify for Flex PACE? If the community wanted the support of that type of entity, yes they could.

Senator J. Lee – So Flex PACE comes out of the general PACE pot, so to speak?

Mr. Humann – That is correct.

Senator Warner asked if there is a good reason to create a stand alone med PACE program than if you have money in Flex PACE which would be accessible to these medical providers.

Mr. Humann said one of the good reasons would be that by earmarking some dollars for medical PACE they could pretty much assure that those dollars would be used for the purpose that it was intended.

There was no opposing or neutral testimony.

The hearing on HB 1273 was closed.

**JOB #4394**

Senator J. Lee opened HB 1273 for discussion. She reminded the committee that the discussion during the hearing kind of centered on the idea of returning it to the original bill. The committee discussed that option but was hesitant to restore the money.

Senator Warner wondered if PACE money could be used to buy a practice in a small town.

A call to Mr. Humann (Bank of ND) clarified that Flex PACE money could be used but not the regular PACE money (meter 5:06).

Senator J. Lee asked the committee if they wanted to amend by just deleting the amendments that the house added.

A discussion followed that the appropriation would go back to $5 million but they could leave it at the $2 million.

A copy of the House amendment was provided to the members. (Attachment #1)

After more discussion on the House amendment the committee decided to just make changes on deleting the line with the "population of fewer than 20,000" and deleting the definition for medical provider on page 1.

Senator Heckaman moved to amend Engrossed HB 1273.

The motion was seconded by Senator Pomeroy.

Roll call vote 6-0-0. Amendment accepted.

Senator Heckaman moved a Do Pass on Engrossed HB 1273 as amended and rerefer to Appropriations.

The motion was seconded by Senator Pomeroy.

Roll call vote 6-0-0. Motion carried. Carrier is Senator Warner.

Adopted by the Human Services Committee
March 6, 2007

3-6-7

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1273

Page 1, line 8, remove "with a population of fewer than twenty"

Page 1, line 9, remove "thousand"

Page 1, remove lines 12 through 14

Page 1, line 15, replace "3." with "2."

Renumber accordingly

Date: 3-5-07

Roll Call Vote #: 1

## 2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

## BILL/RESOLUTION NO. HB 1273

Senate **HUMAN SERVICES** Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken Amendment.

Motion Made By Sen. Heckaman Seconded By Sen. Pomeroy

| Senators | Yes | No | Senators | Yes | No |
|---|---|---|---|---|---|
| | | | | | |
| Senator Judy Lee, Chairman | ✓ | | Senator Joan Heckaman | ✓ | |
| Senator Robert Erbele, V. Chair | ✓ | | Senator Jim Pomeroy | ✓ | |
| Senator Dick Dever | ✓ | | Senator John M. Warner | ✓ | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Date: 3-5-07

Roll Call Vote #: 2

## 2007 SENATE STANDING COMMITTEE ROLL CALL VOTES

## BILL/RESOLUTION NO. HB 1273

Senate **HUMAN SERVICES** Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number 70614.0201 Title .0300

Action Taken DP / amend / Rerefer

Motion Made By Sen. Heckaman Seconded By Sen. Pomeroy

| Senators | Yes | No | Senators | Yes | No |
|---|---|---|---|---|---|
| | | | | | |
| Senator Judy Lee, Chairman | ✓ | | Senator Joan Heckaman | ✓ | |
| Senator Robert Erbele, V. Chair | ✓ | | Senator Jim Pomeroy | ✓ | |
| Senator Dick Dever | ✓ | | Senator John M. Warner | ✓ | |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment Senator Warner

If the vote is on an amendment, briefly indicate intent:

## REPORT OF STANDING COMMITTEE

**HB 1273, as engrossed: Human Services Committee (Sen. J. Lee, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1273 was placed on the Sixth order on the calendar.

Page 1, line 8, remove "with a population of fewer than twenty"

Page 1, line 9, remove "thousand"

Page 1, remove lines 12 through 14

Page 1, line 15, replace "3." with "2."

Renumber accordingly

2007 SENATE APPROPRIATIONS

HB 1273

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1273

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: March 13, 2007

Recorder Job Number: 4997

Committee Clerk Signature Janet Pinks

Minutes:

Senator Holmberg opened the hearing on HB 1273.

Representative Todd Porter introduced the bill. The bill is a provision that would create a medical PACE program. The message being sent loud and clear from the medical community is that low reimbursement has led facilities to put off purchasing capital equipment. This causes them to fall behind in technology. Some examples are MRA machines, MRI machines, new CAT scan machines, 3D CAT scans. It was also discussed in the House and Senate policy committees that in the rural areas, there is a huge commitment that needs to be made in infrastructure. One of the systems that are out there is called the PAC system that allows digital transmission of x-rays into a radiologist. One of the places that read the films for some hospitals in North Dakota is in Australia. As this technology becomes available, facilities are going to need to purchase them to stay current. We keep hearing there are a significant number of patients in North Dakota that are transferred out of state for some procedures. This happens because patients sometimes want to go somewhere where a procedure is performed frequently and also because our physicians don't have the necessary equipment and technology to perform the procedures. This program would allow facilities to have interest buy down dollars on capital equipment.

Senator Bowman asked if this is like a grant process. Their hospital just purchased one of the latest CAT scans for about $800,000. Is this to help assist those communities?

Representative Porter said it is not a grant program; it is an interest buy down program. If they had a 7% loan on that equipment, by partnering with this program through the Bank of North Dakota, they would get an interest buy down. There is still a huge commitment from the facility.

Senator Grindberg said he has two concerns with the bill. The PACE program has been preserved for new wealth creation and job development activities. That being said, the Bank of North Dakota would have the means to help communities on their own with the intent of a bill like this. Rather than put $2 million from the general fund into this program, was the Health Care Trust Fund considered as a source?

Representative Porter said the current PACE program has numerous facets, and some money has been used in the medical community for purchases such as this. According to the information he has, based on the current appropriations out of that trust fund, it is minus a few hundred thousand dollars in the 09 – 11 budget.

Senator Holmberg said he may be thinking about the Community Health Trust Fund.

Representative Porter asked what one Senator Holmberg is thinking of.

Senator Holmberg and Senator Grindberg said the Health Care Trust Fund, which is 10% of tobacco.

Representative Porter said that is the one in the negative. That is where the defibrillators are.

Senator Krauter asked if the definition of eligible medical provider would include an ambulance service.

Representative Porter said the version with the Senate amendments, he believes so. It was more restrictive coming over from the House.

Senator Krauter asked if Representative Porter's business would profit or be eligible for this.

Representative Porter said under the new definition, yes.

Arnold Thomas, President of North Dakota Health Care Association, testified in favor of the bill. As an example, Bowman has long established referral patterns to Dickinson. The hospitals in Bismarck are spending significant amounts of dollars to electronically convert a number of information and clinical systems from paper to electronic. One of the biggest burdens in rural North Dakota is access to capital. What has happened in the past is a number of our rural providers have sought financial assistance from larger institutions and many of them are no longer in a position to help underwrite smaller facilities across the state. This measure would help those facilities with cheaper dollars to purchase capital. The program would be administered by the Bank of North Dakota. He has no knowledge about the source of the dollars.

Senator Lindaas asked if this affects the reimbursement formula.

Mr. Thomas said no because there is no capital recognition, it is built into the rates that are paid and their issue is the rates are inadequate. But there is no stand alone, capital reimbursement pass through for hospitals.

Bob Humann, Senior Vice President of Lending, Bank of North Dakota, appeared to answer questions related to medical PACE.

Senator Krauter asked about the definition of eligible medical provider. Can that also be a long term care facility or a TVI unit?

Senator Holmberg asked what version he is looking at.

Senator Krauter said .0300.

Senator Holmberg said in version .0200 there is a definition of medical provider. That was taken out.

Representative Porter said in the discussions of the bill it was looked upon as a capital equipment interest buy down program and in the original definition or this current definition, it would not limit a long term care facility from being a medical provider but the next question to be asked is what the capital equipment purchase would be that they would need. It would not be for bricks and mortar.

Senator Christmann said in the House version it talks about rural hospital or primary care facility then the definition was taken out. What was the intention when the bill was introduced, if it's not limited to rural, is there enough money?

Representative Porter said the original bill did not have the rural urban split in it. That came out of House Appropriations. The intent and when you look at the reimbursement issues of urban and rural facilities, the urban facilities are actually harder hit by the low reimbursement issues of Medicare and especially Medicaid. Their capital equipment needs are far greater. The other issue that comes up is the rural facilities need the ability to connect with someone who can read the reports – there is not a radiologist in Bowman. It should not be limited to rural providers across the state. The maximum amount of buy down, the $250,000 on page 2 line 4, is a purchase of $1.25 million over 5 years.

Senator Mathern asked what is the rationale for the Bank of North Dakota loan participation not being less than 50%.

Representative Porter said that is the standard language in PACE programs.

Senator Holmberg closed the hearing on HB 1273.

# 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1273

Senate Appropriations Committee

☐ Check here for Conference Committee

Hearing Date: 03-21-07

Recorder Job Number: 5426

Committee Clerk Signature Janet Pinks (ad)

Minutes:

**Chairman Holmberg** opened the hearing on HB 1273.

**Senator Grindberg moved a DO NOT PASS. Seconded by Senator Fischer.**

**Chairman Holmberg** stated if you recall the DHS committee made an amendment dealing with the population of the community that would be able to participate in the medical PACE program. Is there any discussion? This is 2 million, I believe. He asked for the roll on a DO NOT PASS ON HB 1273.

**A roll call vote was taken on a DO NOT PASS resulting in 12 yeas, 2 nays, 0 absent. The motion carried. Senator Grindberg will carry the bill.**

The hearing on HB 1273 closed.

Date: 3/21/09
Roll Call Vote #:

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**
**BILL/RESOLUTION NO.** 1213

Senate Appropriations Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken D N P

Motion Made By Grindberg Seconded By Fischer

| Senators | Yes | No | Senators | Yes | No |
|---|---|---|---|---|---|
| | | | | | |
| Senator Ray Holmberg, Chrm | ✓ | | Senator Aaron Krauter | ✓ | |
| Senator Bill Bowman, V Chrm | ✓ | | Senator Elroy N. Lindaas | ✓ | |
| Senator Tony Grindberg, V Chrm | ✓ | | Senator Tim Mathern | | ✓ |
| Senator Randel Christmann | ✓ | | Senator Larry J. Robinson | ✓ | |
| Senator Tom Fischer | ✓ | | Senator Tom Seymour | | ✓ |
| Senator Ralph L. Kilzer | ✓ | | Senator Harvey Tallackson | ✓ | |
| Senator Karen K. Krebsbach | ✓ | | | | |
| Senator Rich Wardner | ✓ | | | | |
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Total (Yes) 12 No 2

Absent _____

Floor Assignment Grindberg

If the vote is on an amendment, briefly indicate intent: