

# MICROFILM DIVIDER

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



ROLL NUMBER

DESCRIPTION

1217

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Deanna G. Ball  
Operator's Signature

12/03  
Date

2003 HOUSE HUMAN SERVICES

HB 1217

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*Dorinda Gallcraft*  
Operator's Signature

10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES  
BILL/RESOLUTION NO. HB 1217

House Human Services Committee

Conference Committee

Hearing Date January 20, 2003

Tape Number	Side A	Side B	Meter #
1	x		0.6 57.8
Committee Clerk Signature <i>Sharon Pennington</i>			

Minutes:

Rep. Droydal, Prime sponsor appeared in support of the bill and will support an amendment if one is proposed by the funeral directors, stating that under current statute an individual may be able to put \$3,000.00 aside that's protected for his or her funeral expenses. This bill will protect those who may have ended up staying in a nursing home longer than they have expected and ran a little short.

Rick Clemes, Pres. of the ND Funeral Directors Assoc., appeared in support with written testimony, stating this will mean that we will finally have uniformity, protect the consumer, easier for social service agencies to follow up and easier for the funeral home.

Concerns of the committee regarding the bill because it doesn't say where the amount of funeral vs. the actual cost at time of death and why the excess money goes to the state.

Further concerns of the committee on counties being on line now, approximate number of recipients receiving these services now, if these pre-need funeral contracts are for current or

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*Dorena Ballantyne*  
Operator's Signature

10/2/03  
Date

Page 2  
House Human Services Committee  
Bill/Resolution Number HB 1217  
Hearing Date January 20, 2003

expected costs and if the cost of these contracts are paid up front. Also concerns with people on assistance, no money and die, who would pay for that funeral, if there were a lot of these in the State and if it was a problem. Would preplanning decrease the number of assistance funerals and if this will raise the cost of the families choice for a funeral.

A major concern with the committee was why they were asking \$10,000.00 limit as a pre-need.

Larry Bolger of Fargo, appeared in support stating that Minnesota does not have a cap on their type of funeral merchandise that they would like. He stated they could amend the bill with wording to address Rep. Kreidt's and the committee's concerns.

Bill Delmore, Attorney & lobbyist for ND Funeral Directors Assoc. appeared in support with written testimony stating that this is for all North Dakotan's not just for people on assistance.

We intended for reasonable amount up to \$10,000.00 and noted that Legislative Council put in the extra (\$3,000.00) to make it up to \$10,000.00.

Blaine Nordwall, Director of Economic Assistance Policy for the Dept. of Human Services appeared not so much in opposition but to explain the bill with written testimony.

Committee wanted clarification on the change in line 19 (revocable part) and the pre-need contract going into double dipping in going from 10,000.00 to 20,000.00.

Michon Sax, County Social Services Director of Williams County representing the County Directors Assoc. appeared to answer questions of the committee.

Committee wondered how often the county negotiates with the funeral home and the reply was as often as they like.

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Dorinda Ball  
Operator's Signature

10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1217  
House Human Services Committee

Conference Committee

Hearing Date February 3, 2003

Tape Number	Side A	Side B	Meter #
2	x		14.2 - 24.1
3	x		0.0 - 5.8
Committee Clerk Signature <i>Sharon Long</i>			

Minutes: Rep. Price gave explanation of what the bill does. Currently, if you are on Medicaid, you have two pots of money you can protect. You can put \$3,000.00 away for your funeral expenses and also have in savings \$3,000.00 for whatever. Now you can choose that the \$6,000.00 be used for your funeral expenses if those are your wishes, but the money that's in the second \$3,000.00 pot is discretionary expenditures. So a person can leave \$6,000.00 in a savings account to pay for their funeral expenses currently. The bill that is in front of us, raises the initial \$3,000.00 for the pre-need funeral to \$10,000.00, it raises that discretionary pot also to \$10,000.00.

Rep. Pollert asked for clarification of the amendments and stated that the way the bill is written now, he will not vote for.

Rep. Amerman had questions on Basic Care and Personal Care and this bill.

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*Dorena Baller*  
Operator's Signature

10/2/03  
Date

Page 2  
House Human Services Committee  
Bill/Resolution Number HB 1217  
Hearing Date February 3, 2003

Rep. Porter stated it was not the sponsors intent to move all of those numbers and moves the amendment of changing on page 1, line 11 from 10 to 5 and on lines 13 and 19 change 10 back to 3, second by Rep. Kreidt

Rep. Kreidt had concerns with an individual on medical assistance and living in a nursing home and at the time of death, that \$3,000.00 cannot be used for burial or anything like that, it has to be set up prepaid funeral. The \$3,000.00 would actually then go back to the County at the time of death. Not to survivors or could not be used for additional funeral expenses.

Rep. Sandvig feels that the \$3,000.00 could be assets and not just a savings account.

Rep. Porter noted that leaving the \$3,000 in the discretionary part would move it up to a potential of \$8,000 total for the funeral with the average being at \$6700.00. Feels that was meeting or exceeding the average.

Vote on motion of amendment: All in favor: 12 - 0 - 1

Rep. Price noted that we will need a fiscal note on this by tomorrow

AFTERNOON

Blaine Norwall of the Dept. of Human Services appeared in front of the committee to explain the fiscal note and brought a memo instead of a fiscal note. Please see attached.

Rep. Porter made a motion of DO NOT PASS as AMENDED, second by Rep. Pollert.

Rep. Sandvig still feels that assets are more than just money and savings accounts.

Vote: 10 - 2 - 1

Rep. Uglem will carry the bill.

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/12/2003

**REVISION**

Amendment to: HB 1217

**1A. State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,775,115		\$1,762,316
Expenditures			\$836,885	\$1,775,115	\$849,684	\$1,762,316
Appropriations			\$836,885	\$1,775,115		

**1B. County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2. Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

This bill would increase the pre-need funeral set aside from three thousand to five thousand dollars, resulting in additional medical assistance payments.

**3. State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

**A. Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The increased revenue would be from federal Medicaid funds.

**B. Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The estimated increase in grant expenditures would primarily be due to individuals qualifying for Medical Assistance sooner. A small portion of the increase would be due to individuals that would have made repayments of medical assistance to spend down excess assets, but instead placed the excess assets into a pre-need funeral fund.

**C. Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

If this bill is approved, \$2,612,000 in additional appropriation authority would need to be added to the Executive Budget, with \$836,885 being general funds.

Name:	Debra A. McDermott	Agency:	Human Services
Phone Number:	328-3695	Date Prepared:	02/12/2003

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*Debra A. McDermott*  
 Operator's Signature

02/12/03  
 Date

**FISCAL NOTE**  
 Requested by Legislative Council  
 02/05/2003

Amendment to: HB 1217

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$1,775,115		\$1,762,316
Expenditures			\$836,885	\$1,775,115	\$849,684	\$1,762,316
Appropriations			\$836,885	\$1,775,115		

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would increase the pre-need funeral set aside from three thousand to five thousand dollars, resulting in additional medical assistance payments.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The increased revenue would be from federal Medicaid funds.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The estimated increase in grant expenditures would primarily be due to individuals qualifying for Medical Assistance sooner. A small portion of the increase would be due to individuals that would have made repayments of medical assistance to spend down excess assets, but instead placed the excess assets into a pre-need funeral fund.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

If this bill is approved, \$2,162,000 in additional appropriation authority would need to be added to the Executive Budget, with \$836,885 being general funds.

<b>Name:</b>	Debra A. McDermott	<b>Agency:</b>	Human Services
<b>Phone Number:</b>	328-3695	<b>Date Prepared:</b>	02/06/2003

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*Debra A. McDermott*  
 Operator's Signature

02/2/03  
 Date



**FISCAL NOTE**  
 Requested by Legislative Council  
 01/13/2003

Bill/Resolution No.: HB 1217

1A. **State fiscal effect:** Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$3,529,073		\$3,503,628
Expenditures			\$1,663,795	\$3,529,073	\$1,689,240	\$3,503,628
Appropriations			\$1,663,795	\$3,529,073	\$1,689,240	\$3,503,628

1B. **County, city, and school district fiscal effect:** Identify the fiscal effect on the appropriate political subdivision.

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.

This bill increases both the pre-need funeral set aside and the asset limitation from three thousand to ten thousand dollars.

3. **State fiscal effect detail:** For information shown under state fiscal effect in 1A, please:

A. **Revenues:** Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

The increased revenue would be from federal Medicaid funds.

B. **Expenditures:** Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

The estimated increase in grant expenditures relates to the number of individuals that would qualify for Medicaid.

C. **Appropriations:** Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.

If this bill is approved, \$5,192,868 in additional appropriation authority would need to be added to the Executive Budget, with \$1,663,795 being general funds.

<b>Name:</b>	Debra A. McDermott	<b>Agency:</b>	Human Services
<b>Phone Number:</b>	328-3695	<b>Date Prepared:</b>	01/17/2003

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*Debra A. McDermott*  
 Operator's Signature

01/21/03  
 Date

30403.0101  
Title.0200

Adopted by the Human Services Committee  
February 3, 2003

VR  
2/3/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1217 HUM SER 2-04-03

Page 1, line 11, replace "ten" with "five"

Page 1, line 13, remove the overstrike over "~~three~~" and remove "ten"

Page 1, line 19, remove the overstrike over "~~three~~" and remove "ten"

number accordingly

Page No. 1

30403.0101

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Dorinda Hall  
Operator's Signature

10/2/03  
Date

Feb 3  
Date: ~~January 20~~, 2003  
Roll Call Vote #: 1

**2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. HB 1217**

House \_\_\_\_\_ HUMAN SERVICES \_\_\_\_\_ Committee

Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken DNP AS Amended

Motion Made By Rep Porter Seconded By Rep Pollert

Representatives	Yes	No	Representatives	Yes	No
Rep. Clara Sue Price - Chair	✓		Rep. Sally Sandvig		✓
Rep. Bill Devlin, Vice-Chair	✓		Rep. Bill Amerman	✓	
Rep. Robin Weisz	✓		Rep. Carol Niemeier	A	
Rep. Vonnie Pietsch	✓		Rep. Louise Potter	✓	
Rep. Gerald Uglen	✓				
Rep. Chet Pollert	✓				
Rep. Todd Porter	✓				
Rep. Gary Kreidt	✓				
Rep. Alon Wieland		✓			

Total (Yes) 10 No 2

Absent 1

Floor Assignment Rep Uglen

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

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Operator's Signature Donna Bell Date 10/2/03

REPORT OF STANDING COMMITTEE (410)  
February 4, 2003 10:38 a.m.

Module No: HR-21-1591  
Carrier: Uglem  
Insert LC: 30403.0101 Title: .0200

**REPORT OF STANDING COMMITTEE**  
**HB 1217: Human Services Committee (Rep. Price, Chairman) recommends**  
**AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO NOT PASS**  
(10 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). HB 1217 was placed on the  
Sixth order on the calendar.

Page 1, line 11, replace "ten" with "five"

Page 1, line 13, remove the overstrike over "~~three~~" and remove "ten"

Page 1, line 19, remove the overstrike over "~~three~~" and remove "ten"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-21-1591

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Danna Bell  
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10/2/03  
Date

2003 HOUSE APPROPRIATIONS

HB 1217

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Deanna G. Ballantyne  
Operator's Signature

10/2/03  
Date

2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1217

House Appropriations Committee

Conference Committee

Hearing Date 02-11-03

Tape Number	Side A	Side B	Meter #
1		X	41
2	X		0.0-11.4
Committee Clerk Signature <i>Chris S. Svedjan</i>			

Minutes:

**Chairman Svedjan** Opened HB 1217 for discussion. A quorum was present.

**Rep. Price** This bill came out of our committee with a 10-2 Do Not Pass. It comes up often in the legislature. The proponents of the bill weren't uniform with what they wanted. The average funeral in ND is \$6,700. For people on Medicaid, they can set aside \$3,000 in a prepaid funeral contract, and \$3,000 in a discretionary account that they can use for whatever they wish.

**Rep. Kempenich** What are the costs of funeral charges?

**Rep. Price** We did not discuss costs.

**Rep. Skarphol** The fees that the county pays, is that in addition to the fees currently in the statute?

**Rep. Price** No.

**Chairman Svedjan** The \$3,000 discretionary fund is in question with what comprised it.

**Rep. Price** Some people are not informed correctly.

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*Dorinda Halverson*  
Operator's Signature

10/2/03  
Date

Page 2  
House Appropriations Committee  
Bill/Resolution Number HB 1217  
Hearing Date 02-11-03

**Rep. Carlson** I voted in favor of the bill. My mother has about \$5,500 net worth. This made her ineligible for this. Those of us who voted for this bill honestly thought we were doing the right thing. We were misinformed.

**Rep. Rennerfeldt** The local funeral homes don't see this money.

**Chairman Svedjan** The problem is elsewhere.

**Rep. Monson** If there is a \$3,500 in cash value in a life insurance policy, and its a \$5,000 death benefit, what are they going to do with that?

**Rep. Price** That is an issue, and the laws need to be changed.

**Rep. Wald** Would you explain what all you include in this discretionary account?

**Rep. Price** Any liquid asset.

**Rep. Wald** So to be eligible for Medicaid benefits, you can set aside \$3,000 for a prepaid funeral and another \$3,000 in this discretionary account? You can only have that much residual value?

**Rep. Price** Yes.

**Rep. Glassheim** When was the last time the \$3,000 funeral was amended?

**Chairman Svedjan** In 1995.

**Rep. Glassheim** You're combining the funeral policy with the discretionary, and I guess you can do that, but it seems to me the concept of having those is that it allows you to keep something for other expenses.

**Rep. Warner** Discretionary fund is to be used for gifts to children, grandchildren, and other things. its not legitimate to assume they go to funeral expenses. We need to leave the discretionary fund.

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*Dorena Ballerath*  
Operator's Signature

10/2/03  
Date

Page 3  
House Appropriations Committee  
Bill/Resolution Number HB 1217  
Hearing Date 02-11-03

**Rep. Price** These people also receive an allowance for those things, it is \$60,000.

**Rep. Rennerfeldt** People use the system on Medicaid who filtered their millions to family members.

**Rep. Glassheim** I understand Medicare reimbursement ranges are less. I understand that they are 60-70% of normal charges. Even if we didn't pay the whole thing, we could raise the percentage paid.

**Rep. Price** Is there a difference for Native Americans? Do they get something additional to the county?

**Rep. Price** I'm not sure.

**Rep. Carlson** I move a Do Not Pass. 2nd by Rep. Skarphol. Motion Carries 11 yeas, 8 nays, 4 A/NV. Rep. Carlson will carry this bill on the floor.

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*Deanna Holbrook*  
Operator's Signature

10/2/03  
Date



REPORT OF STANDING COMMITTEE (410)  
February 11, 2003 12:02 p.m.

Module No: HR-26-2262  
Carrier: Carlson  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**  
HB 1217, as engrossed: Appropriations Committee (Rep. Svedjan, Chairman)  
recommends **DO NOT PASS** (11 YEAS, 8 NAYS, 4 ABSENT AND NOT VOTING).  
Engrossed HB 1217 was placed on the Eleventh order on the calendar.

(2) DESK, (3) COMM

Page No. 1

HR-26-2262

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*Deanna Holbrook*  
Operator's Signature

*10/2/03*  
Date

2003 TESTIMONY

HB 1217

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Deanna G. Bell  
Operator's Signature

10/2/03  
Date

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# MEMO

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To: Clara Sue Price  
From: Blaine Nordwall  
Subject: HB 1217 Estimate with Burial @ \$4000 & \$5000  
Date: February 3, 2003

## HB 1217 ESTIMATE W/ BURIAL @ \$4000

- In 2002 there were approximately 635 new approvals w/ Burial at \$3000 limit. If these had been allowed to have \$4000, they would likely have kept that amount and come onto Medical Assistance (MA) \$1000 sooner.  $635 \times 2 \text{ years} = 1270 \times \$1000 \text{ each} = \$1,270,000$  for the biennium.  $\$1,270,000 / 24 = \$52,916.67$  per month.

3 mo (\$158,750) - FFP of 68.36 = \$ 50,229 General Funds  
12 mo (\$635,000) - FFP of 68.31 = \$201,232 General Funds  
9 mo (\$476,250) - FFP of 67.47 = \$154,924 General Funds

\$406,385 General Funds

- In 2002, 18 recipients spend down excess assets to prevent exceeding limits. Those individuals would likely have kept the first \$1000 in assets to add to their burial. These repayments go to the general fund and not MA.

Loss of \$18,000 in repayments per year X 2 yrs = \$36,000  
Estimated .6796% returned to Feds = \$11,534 loss in Gen Funds

Total cost	\$ 1,306,000
Total Fed Share	888,081
Total Gen Fund Share	417,919

## HB 1217 ESTIMATE W/ BURIAL @ \$5000

This would double the cost as was based on a \$1000 increase.

Total Cost	\$ 2,612,000
Total Fed Share	1,776,162
Total Gen Fund share	835,838

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Blaine Nordwall  
Operator's Signature

10/2/03  
Date

**TESTIMONY OF RICK CLEMES  
ON BEHALF OF THE  
NORTH DAKOTA FUNERAL DIRECTORS ASSOCIATION  
BEFORE THE  
HOUSE HUMAN SERVICES COMMITTEE  
CHAIRMAN, CLARA SUE PRICE**

**HOUSE BILL 1217**

**JANUARY 20, 2003**

Chairperson Price and members of the Committee:

My name is Rick Clemes. I am president of the North Dakota Funeral Directors Association, and appear in support of House Bill 1217.

The intent of this legislation is to raise the amount allowed for irrevocable pre-need funeral contracts in North Dakota to a reasonable amount not to exceed \$10,000, plus interest. The pre-need contract would be subject to any and all applicable federal requirements and would be fully transferable to any other funeral facility.

In addition, for anyone receiving public assistance such as medicaid, any "remaining amount" of the pre-need contract after the delivery of services and merchandise would be returned to the appropriate agency. This legislation will allow pre-need contracts to be made to a level sufficient to cover reasonable costs.

Our Association has requested a summary of costs from its members for funds in 2001 and 2002. These summaries are available for review by any legislative member who desires to do so. Based on this review, the average cost of a funeral in North Dakota is approximately \$6,700. Currently, both our neighbors to the east and west, Minnesota and Montana, allow pre-need contracts to reach the level of the reasonable cost of the funeral.

The North Dakota Funeral Directors Association supports this legislation because:

1. It will provide the ability for all North Dakotans to appropriately plan for their funeral service and feel confident that their wishes will be fulfilled.
2. It will allow pre-need funeral service contracts to be entered which will cover the current and expected costs of actual funerals within our state.
3. It will allow our state to be treated the same as the adjoining states of Minnesota and Montana with whom we do business.

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Date

4. It will provide for appropriate business planning for growth and maintenance of the industry.
5. It will be in concert with any applicable federal requirements regarding public assistance.

Thank you; I am available for any questions.

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# MEMO

**TO:** Chairman Clara Sue Price  
Members of the House Human Services Committee  
**FROM:** William J. Delmore, On Behalf of the North Dakota Funeral Directors  
Association/Lobbyist No. 330  
**RE:** Proposed Amendment to HB 1217  
**DATE:** January 21, 2003

Attached are the amendments the Funeral Directors referenced during the hearing on House Bill 1217.

Our only intent was to raise the amount which can irrevocably be set aside to cover the cost of a reasonable, traditional funeral in North Dakota. Unfortunately, the irrevocable limitation contained in N.D.C.C. §43-10.1-03.1 is directly tied to the asset exclusion for medical assistance.

"The irrevocable amount may not exceed the amount of the allowable asset exclusion used for determining eligibility for medical assistance under section 50-24.1-02.3 at the time the contract is entered."

Also attached is a summary of the cost survey done for the year 2001. We currently have responses from 18 facilities for 2002, with an average cost between \$6,600 and \$6,700. The individual surveys are available for review by any member.

The Funeral Directors have no intent to change any other portions of section 50-24.1-02.3 other than that which limits the amount of irrevocable contracts. We intended to place a limitation of a reasonable amount on an irrevocable funeral contract. However, to simplify the bill we suggest inserting \$7,000 or less. This amount is in keeping with what our survey shows are the current and expected short-term future costs of a reasonable, traditional funeral in North Dakota.

We do not concur with the fiscal note as submitted. In addition, we have found through experience and information from other states that people do not enter into a pre-need contract for funeral services for a funeral that is any different from their normal life style. Other states, including those adjoining us, have allowed both people who require public assistance and those that do not the ability to ensure that they will receive the reasonable, traditional funeral that they desire.

Please contact me with any questions at 663-9818, or at [delmore@kelschlaw.com](mailto:delmore@kelschlaw.com).

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**PROPOSED AMENDMENTS TO HOUSE BILL NO. 1217**

Page 1, line 11, replace "ten" with "seven"

Page 1, line 13, remove the overstrike over "~~three~~" and remove "ten"

Page 1, line 19, remove the overstrike over "~~three~~" and remove "ten"

Renumber accordingly

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### SUMMARY OF SURVEY

NO. OF DEATHS HANDLED	AVERAGE FUNERAL AMOUNT	AREA
16	\$ 5,431	SW
240	4,737	NW
180	4,833	SE
66	6,565	NE
30	8,657	SW
9	5,666	SW
131	5,336	NE
61	6,757	
16	5,203	NW
237	5,463	SE
60	6,206	SW
78	7,206	NW
82	6,681	SE
83	6,747	
40	7,052	NE
	6,000	SW
	5,800	SW
	7,000	SE
	6,800	SE
	6,500	NE
75	5,788	SW
137	4,692	
55	5,264	
27	6,111	SW
97	6,082	

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69	7,165	SE	
78	4,744		
99	6,455	SW	
97	6,512	SE	
55	5,053		
141	4,835	SW	
96	5,500	SW	
56	5,614	NW	
85	6,595	SW	
39	6,937	NE	
51	6,472	NE	
112	5,447	SW	
66	5,914	SW	
162	6,027	NW	
121	5,556	NW	
<b>TOTALS:</b> 3,047	\$241,403 Average: \$6,035	NW - 6 NE - 6	SW - 14 SE - 7

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**TESTIMONY BEFORE THE  
HOUSE HUMAN SERVICES COMMITTEE  
REGARDING HOUSE BILL NO. 1217  
January 20, 2003**

Chairman Price, members of the House Human Services Committee, my name is Blaine Nordwall. I am Director of Economic Assistance Policy for the Department of Human Services. That division is responsible for implementing Medicaid eligibility policy. It is also responsible for pursuing claims in decedents' estates for Medicaid benefits furnished. I am here to provide some explanation of the impact of this bill, and of the fiscal note prepared by the department in response to a request from the Legislative Council.

House Bill No. 1217 would (1) increase the amount of the pre-need funeral set-aside for Medicaid applicants and recipients from \$3,000 to \$10,000 (line 11); (2) increase the asset limit for all aged, blind and disabled individuals from \$3,000 to \$10,000 (line 13); and (3) increase the amount of the claim for funeral expenses in the estate of a deceased Medicaid recipient, with priority over the department's claim, from \$3,000 to \$10,000 (line 19).

The changes on lines 11 and 13 of the bill would effectively increase the total Medicaid asset limits for all aged, blind, and disabled individuals as follows:

- The limit for single individuals would increase from a total of \$6,000 (\$3,000 for a pre-need funeral set-aside and \$3,000 for the regular asset limit) to a total of \$20,000;
- The limit for married couples who live in their own homes would increase from a total of \$12,000 (\$3,000 apiece for pre-need funeral set-asides, and \$6,000 for the regular asset limit) to a total of \$40,000; and
- The limit for married couples with one spouse receiving long-term care would increase from \$96,660 (\$90,660 for the "community spouse asset

*Blaine Nordwall*  
Operator's Signature

*1/21/03*  
Date

allowance," \$3,000 for a pre-need funeral set-aside and \$3,000 for the regular asset limit) to a total of \$110,660.

We calculated the fiscal note by first examining all of the Medicaid applications made during two randomly selected months in 2002. We next identified all applications denied due to excess assets. Each such case was reviewed to determine the extent the value of the applicants' assets exceeded the applicable asset limit. We then selected all cases in which the existing asset limits were exceeded, but the proposed limits were not. These are the applications that would be approved under the revised asset limits. We also determined the amount by which those applicants' assets exceeded the current asset limits.

Through this process we determined that an average of about 40 additional applicants would be eligible each month. The amount of additional Medicaid benefits provided to these applicants would be equivalent to the value by which their assets exceeded the current asset levels. That total is \$216,369 per month, or \$5,192,868 over the 24 months of the biennium.

This very conservative estimate does not assume that any greater number of applicants would seek to become eligible. However, we also surveyed county social service offices and established that, in an average month, 67 individuals begin the application process, but fail to submit a completed application after learning the amount of asset limits. If those individuals have the same characteristics as those who actually submitted applications, the cost to provide benefits to these additional individuals would increase the fiscal impact by a factor of 2.675.

The department's fiscal note does not address the change made by line 19. This change creates a conflict with the \$3,000 limit on the preference for funeral claims

set in N.D.C.C. § 50-24.1-07(1)(a). We cannot be certain how courts would resolve this conflict. However, if the conflict were to be resolved in favor of allowing funeral expense claims of up to \$10,000 to be preferred over Medicaid claims, the projected '03-'05 biennial revenue from estate recoveries would be reduced by 56.6%, from \$1,818,408 total revenue, and \$582,548 general fund revenue, to \$788,462 total revenue and \$252,593 general fund revenue. That would directly affect the department's functions, as the larger revenue sums are included as revenue sources in the department's budget.

If we were to give a likely range of possible fiscal impacts of this bill, the number provided in the fiscal note would be on the very bottom of the range. The number at the top of the range would total about \$14.92 million in additional costs and lost revenue, with a general fund impact of about \$4.79 million in additional costs and lost revenue.

I'd be happy to try and answer any questions the committee may have. Mr. Curtis Volesky, who is director of the Medicaid Eligibility Policy unit, is also available to answer questions the committee may have.