

**Department of Human Services**

**Budget No. 325**

**House Bill Nos. 1012, 1038, 1302, 1358, and 1422; Senate Bill Nos. 2018, 2205, and 2356**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2013-15 executive budget (bills as introduced)	2,197.08	\$1,176,869,527	\$1,613,649,730	\$2,790,519,257
<b>2013-15 legislative appropriations</b>	<b>2,201.08</b>	<b>1,171,116,129</b>	<b>1,778,336,465</b>	<b>2,949,452,594</b>
Legislative increase (decrease) to executive budget	4.00	(\$5,753,398)	\$164,686,735	\$158,933,337
Legislative increase (decrease) to 2011-13 appropriations	3.73	\$209,240,112 <sup>1</sup>	\$70,764,227	\$280,004,339 <sup>1</sup>

<sup>1</sup>The amount shown reflects a \$20.9 million general fund appropriation approved by the Legislative Assembly in 2013 for additional expenses due to a decrease in the federal medical assistance percentage (FMAP) for the 2011-13 biennium.

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2011-13 legislative appropriations	\$948,087,922	\$13,788,095	\$961,876,017
<b>2013-15 legislative appropriations</b>	<b>1,166,482,508</b>	<b>4,633,621</b>	<b>1,171,116,129</b>
2013-15 legislative increase (decrease) to 2011-13 appropriations	\$218,394,586	(\$9,154,474)	\$209,240,112
Percentage increase (decrease) to 2011-13 appropriations	23.0%	(66.4%)	21.8%
2013-15 legislative increase (decrease) to executive budget	(\$760,390)	(\$4,993,008)	(\$5,753,398)
Percentage increase (decrease) to executive budget	(0.1%)	(51.9%)	(0.5%)

**SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Department of Human Services is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015.

	<b>Major Items FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
<b>Management</b>				
Provided funding for the following initiatives:	4.00	\$1,243,082	\$159,349,321	\$160,592,403
Expedited ratesetting process - \$1,661,844.				
Recipient liability first claim - \$100,000.				
Supplemental nutrition assistance program (SNAP) and temporary assistance for needy families (TANF) program changes - \$500,304.				
Electronic prescriptions - \$299,324.				

Medical assistance program expansion - \$157,991,337.

Committee on Employment of People with Disabilities - \$39,594.

**Administration and Support**

Adjusts state employee compensation and benefits package.		(4,395,959)	(1,998,497)	(6,394,456)
Decreased funding from the general fund and increased funding from other funds for Central Office operating expenses.		(250,000)	700,000	450,000
Removed deputy director FTE position (see <b>Other Sections in Bill</b> - Section 19 for additional information).	(1.00)	(248,357)	(62,206)	(310,563)
Removed funding for oil impact allowances.		(3,253,008)	(514,992)	(3,768,000)

**Information Technology Services**

Decreased funding for the Field Services electronic health records system replacement project to provide a total of \$2.5 million.		(2,500,000)		(2,500,000)
--	--	-------------	--	-------------

---

Subtotal - Management changes	3.00	(\$9,404,242)	\$157,473,626	\$148,069,384
-------------------------------	------	---------------	---------------	---------------

---

**Program and Policy**

**Economic Assistance**

The Legislative Assembly did not change the executive recommendation for economic assistance in House Bill No. 1012.

Added contingent funding for changes in the eligibility for the child care assistance program and for child care provider incentive grants if funding is not needed for changes in eligibility (House Bill No. 1422).		2,500,000		2,500,000
---	--	-----------	--	-----------

**Child Support**

The Legislative Assembly did not change the executive recommendation for child support.

**Medical Services**

Decreased by 50 percent, funding for previously eligible individuals who might now apply for Medicaid coverage.		(2,268,289)	(2,268,309)	(4,536,598)
Removed funding for program integrity services.		(158,000)	(158,000)	(316,000)
Decreased overall caseload projections for medical services as follows:		(557,000)	(752,000)	(1,309,000)

Children's health insurance program (CHIP) - \$650,000.

Premiums - \$315,000.

Durable medical equipment - \$30,000.

Private duty nurses - \$64,000.

Transportation - \$250,000.

Added funding for Medicare Part D clawback payments.		248,265		248,265
--	--	---------	--	---------

Added funding from the strategic investment and improvements fund for grants to critical access hospitals in oil-producing counties or counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities (House Bill No. 1358).		9,600,000	9,600,000
<b>Long-Term Care</b>			
Decreased long-term care caseload projections as follows:	(6,000,000)	(6,000,000)	(12,000,000)
Nursing homes - \$9 million.			
Home and community-based services (HCBS) waiver - \$3 million.			
Decreased developmental disabilities (DD) caseload projections.	(975,000)	(975,000)	(1,950,000)
Added funding to increase nursing facility, basic care, DD and qualified service provider (QSP) wage passthrough increase from 50 cents to \$1 and decrease the inflationary increase from 4 percent each year of the biennium to 3 percent each year.	8,222,603	6,346,987	14,569,590
Added funding for a grant for adaptive skiing.	200,000		200,000
Changed the funding source from the general fund to the health care trust fund for a bed layaway program.	(546,786)	546,786	
Added funding from the health care trust fund for a grant for an expansion for an assisted living facility that accepts low income tenants.		425,000	425,000
<b>Aging Services</b>			
Decreased funding for guardianship services to provide \$215,000 for petitioning costs and \$383,000 for contract staff.	(402,000)		(402,000)
Added funding for senior meals.	750,000		750,000
<b>Children and Family Services</b>			
Added one-time funding for grants to a county social service board that is not on a reservation but is experiencing an increase in caseload from the Spirit Lake Indian Reservation.	300,000		300,000
Removed funding for postadoption services.	(133,520)	(71,896)	(205,416)
Added funding for child care provider incentive grants (\$1,000,000) and early childhood services specialists (\$300,000) (House Bill No. 1422).	1,300,000		1,300,000
Added funding for grants to licensed early childhood service providers that provide care for children with disabilities or developmental delays (Senate Bill No. 2018).	400,000		400,000
Added funding for grants to children's advocacy centers (Senate Bill No. 2356).	300,000		300,000
<b>Mental Health and Substance Abuse Program</b>			
Added funding for additional services to be provided by	296,000		296,000

Robinson Recovery Center.				
Removed funding for grants to be provided by the Governor's Prevention Advisory Council.		(100,000)		(100,000)
Removed peer support funding from all regions.		(300,000)		(300,000)
Added funding for an underage drinking prevention program (House Bill No. 1302).		360,000		360,000
Added funding for a grant to an organization to administer statewide 2-1-1 services that include suicide prevention services (Senate Bill No. 2205).		285,000		285,000
<b>Developmental Disabilities Council</b>				
The Legislative Assembly did not change the executive recommendation for the DD Council.				
<b>Developmental Disabilities Division</b>				
Added funding for guardianship services for developmentally disabled individuals.		100,000		100,000
<b>Autism Services Division</b>				
Added funding for 1 FTE position for a state autism coordinator (\$265,136), statewide autism spectrum disorder training program (\$160,000), autism voucher program pilot project (\$539,186), and autism spectrum Medicaid waiver (\$899,946) (House Bill No. 1038).	1.00	1,201,727	662,541	1,864,268
<b>Vocational Rehabilitation</b>				
Added funding for the older blind program.		100,000		100,000
Subtotal - Program and Policy changes.	1.00	\$5,123,000	\$7,356,109	\$12,479,109
<b>Field Services</b>				
<b>State Hospital</b>				
Reduced funding for operating.		(350,000)		(350,000)
<b>Developmental Center</b>				
Decreased funding for demolition of Pleasant View and Refectory Buildings to provide a total of \$220,000.		(140,000)		(140,000)
Decreased funding for operating expenses.		(150,000)		(150,000)
<b>Human Service Centers</b>				
<b>Statewide Human Service Centers</b>				
The Legislative Assembly did not change the executive recommendation for statewide human service centers funding.				
<b>Northwest</b>				
Removed funding for the transition to independence program.		(40,000)		(40,000)
<b>North Central</b>				
Removed funding for the transition to independence program.		(40,000)		(40,000)
<b>Lake Region</b>				
Removed funding for the transition to independence program.		(40,000)		(40,000)

**Northeast**

Removed funding for the transition to independence program.	(40,000)		(40,000)
---	----------	--	----------

**Southeast**

Removed funding for the transition to independence program.	(40,000)		(40,000)
---	----------	--	----------

Decreased funding for a 16-unit transitional living facility to provide for an eight-bed unit.	(428,000)	(143,000)	(571,000)
--	-----------	-----------	-----------

**South Central**

Removed funding for the transition to independence program.	(40,000)		(40,000)
---	----------	--	----------

Added funding for transitional employment grants.	240,000		240,000
---	---------	--	---------

**West Central**

Removed funding for the transition to independence program.	(40,000)		(40,000)
---	----------	--	----------

Removed funding for four-bed mental illness/chemical dependency crisis facility.	(324,156)		(324,156)
--	-----------	--	-----------

**Badlands**

Removed funding for the transition to independence program.	(40,000)		(40,000)
---	----------	--	----------

Subtotal - Field Services	0.00	(\$1,472,156)	(\$143,000)	(\$1,615,156)
---------------------------	------	---------------	-------------	---------------

Total - Department of Human Services	4.00	(\$5,753,398)	\$164,686,735	\$158,933,337
--------------------------------------	------	---------------	---------------	---------------

**FTE Changes**

The 2013-15 biennium appropriation includes funding for 2,201.08 FTE positions, an increase of 4 FTE positions from the executive recommendation and an increase of 3.73 FTE positions from the 2011-13 biennium authorized level of 2,197.35. The Legislative Assembly did not change the executive recommendation to remove .21 FTE position from the Developmental Center and .06 FTE position from the State Hospital. The Legislative Assembly added 1 FTE state autism coordinator position and 4 FTE positions to implement initiatives included in other bills relating to medical assistance program expansion and acceptance of electronic prior authorizations submitted by prescribers through e-prescribing software and removed 1 FTE deputy director position.

**One-Time Funding**

In Section 2 of House Bill No. 1012, the Legislative Assembly identified \$2,819,714 of one-time funding, of which \$1,733,621 is from the general fund and \$1,086,093 is from special funds. The \$1,700,000 from the general fund is for capital projects at the State Hospital, demolition of buildings at the Developmental Center, and grants, and the special funds of \$1,100,000 consist of \$425,000 from the health care trust fund for a grant to an assisted living facility that accepts low-income tenants and \$661,093 from federal funds and other funds for a mainframe migration project. The Legislative Assembly also provided one-time funding in House Bill No. 1012 for an electronic health records system and in Senate Bill No. 2018 for early childhood service provider grants. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2015-17 executive budget, and the Department of Human Services is to report to the Appropriations Committees during the 2015 legislative session on the use of this funding.

	General Fund	Special Funds	Total
State Hospital capital projects (HB 1012)	\$864,714		\$864,714
Mainframe migration (HB 1012)	148,907	\$661,093	810,000
Demolition of Pleasant View and Refectory Buildings at the Developmental Center (HB 1012)	220,000		220,000
Grants (HB 1012)	500,000	425,000	925,000
Electronic health records (HB 1012)	2,500,000		2,500,000
Grants for early childhood service providers (SB 2018)	400,000		400,000
<b>Total</b>	<b>\$4,633,621</b>	<b>\$1,086,093</b>	<b>\$5,719,714</b>

### Other Sections in Bill

**Transfers** - Section 3 provides the Department of Human Services may transfer appropriation authority between line items within each subdivision and between subdivisions for the 2013-15 biennium. The department is to report to the Budget Section after June 30, 2014, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 63<sup>rd</sup> Legislative Assembly on any transfers made.

**Medicaid management information (MMIS) system replacement project** - Section 4 provides for the continuation of the legislative appropriation for the MMIS replacement project in the 2013-15 biennium.

**Medicaid upper payment limits** - Section 5 provides any appropriated increase for human service providers paid with Medicaid funding may only be provided to the extent the increase does not exceed the upper payment limit for that specific Medicaid service.

**Rural health clinics** - Section 6 provides the Department of Human Services is to rebase rural health clinics to Medicare rates. Future increases are to be based on approved inflationary increases.

**Foster care criminal history record checks** - Section 7 amends North Dakota Century Code Section 12-60-24(2)(f) to require a criminal history record check for those seeking approval for a foster care home or facility located on a recognized Indian reservation in North Dakota.

**Child support** - Section 8 amends Section 14-09-09.10(3) relating to the definition of child support.

**Expanded service payments for elderly and disabled (SPED) eligibility** - Section 9 amends Section 50-24.7-01(6) relating to definitions for expanded SPED.

**Facility construction** - Section 10 adds a new section requiring all intermediate care facility providers to submit all facility construction or remodeling proposals to the Department of Human Services prior to entering a contract for the project.

**Grant to assisted living center** - Section 11 adds one-time funding of \$425,000 from the health care trust fund for a grant to an assisted living center that accepts low-income tenants for an expansion project.

**County social service grant** - Section 12 adds one-time funding of \$300,000 from the general fund for a grant to a jurisdiction that is most affected by an Indian reservation but does not receive reimbursement payments pursuant to Section 50-01.2-03.2.

**Grant for adaptive skiing** - Section 13 adds one-time funding of \$200,000 from the general fund for a grant to an organization that provides an adaptive skiing program.

**Legislative Management study - Developmental Center** - Section 14 provides the Legislative Management consider a study of the Developmental Center in Grafton.

**Legislative Management study - North Dakota health care** - Section 15 provides the Legislative Management consider a study of the North Dakota health care delivery system, the implementation of the Healthy North Dakota initiative, Medicaid reform, and the feasibility of developing a plan for a private health care model.

**Legislative Management study - Brain injury** - Section 16 provides the Legislative Management consider a study of the need for a comprehensive system of care for individuals with brain injury, including services available to veterans who are returning from wars.

**Report to Budget Section** - Section 17 requires the Department of Human Services to provide a report to the Budget Section in December 2014 regarding funding of \$547,000 from the general fund and \$182,000 from other funds included in House Bill No. 1012 for an eight-unit transitional living facility in the Southeast Human Service Center region.

**Legislative intent** - Section 18 provides legislative intent requiring the Department of Human Services to demolish the Refectory and Pleasant View Buildings at the Developmental Center at a cost of \$220,000. If the funding is insufficient to cover the cost of demolition, the department may request Emergency Commission approval for additional funding from the state contingencies appropriation.

**Deputy director position** - Section 19 provides legislative intent that the removal of the FTE position in the Administration and Support Division does not preclude the Department of Human Services from using an existing FTE position for the purpose of a deputy director position.

**Electronic health records** - Section 20 provides legislative intent that the reduction of funding in the Information Technology Division does not preclude the Department of Human Services from procuring an electronic health records system if the department can initiate the project within its 2013-15 biennium appropriation for the Information Technology Division or the Field Services Division.

**Funding for initiatives** - Section 21 provides funding of \$160.6 million, of which \$1.2 million is from the general fund, and 4 FTE positions for initiatives included in House Bill Nos. 1170, 1172, 1176, 1274, and 1362 and Senate Bill No. 2271 (see **related legislation** section below).

#### **Related Legislation**

**Deficiency appropriation** - House Bill No. 1023 provides a 2011-13 deficiency appropriation of \$20.9 million from the general fund to the department for medical assistance grants relating to the reduction in the state's FMAP.

**Health care reform study** - House Bill No. 1034 provides for a Legislative Management study of health care reform. The department would be required to provide status reports on the status of health insurance and health-related public assistance.

**Bed capacity** - House Bill No. 1035 extends the date for the moratoriums on expansion of basic care bed capacity and long-term care bed capacity from July 1, 2013, to July 1, 2015.

**Expedited ratesetting process** - House Bill No. 1170 provides nursing and basic care facilities with an expedited ratesetting process for costs associated with the federal Patient Protection and Affordable Care Act of 2010 as it relates to providing health insurance policies to the facilities' employees. Funding for this initiative of \$830,922 from the general fund and \$830,922 from federal funds is included in Section 21 of House Bill No. 1012.

**Recipient liability first claim** - House Bill No. 1172 allows nursing homes or basic care facilities the first preferred claim against a decedent's estate for outstanding recipient liability owed to the facility. Funding to offset the Department of Human Services' loss of estate collections from this initiative of \$49,810 from the general fund and \$50,190 from federal funds is included in Section 21 of House Bill No. 1012.

**SNAP and TANF eligibility** - House Bill No. 1176 allows individuals convicted of a drug felony to be eligible to participate in SNAP and the TANF program if at least seven years has elapsed since their most recent conviction. Funding for this initiative of \$11,136 from the general fund and \$489,168 from other funds is included in Section 21 of House Bill No. 1012.

**Home and community-based services pilot project** - House Bill No. 1180 requires the Department of Human Services to establish a pilot program for the provision of independent case management services for home and community-based services within a county located entirely within an Indian reservation for the 2013-15 biennium.

**Upper management compensation** - House Bill No. 1209 precludes the Department of Human Services from limiting compensation for upper management personnel of a basic care facility, except for a person with at least 5 percent ownership, a person on the governing board, or any person related within the third degree of kinship to top management personnel. **This bill was vetoed by the Governor, and the veto was sustained.**

**Electronic prescriptions** - House Bill No. 1274 requires North Dakota Medicaid to accept electronic prior authorizations submitted by prescribers through their e-prescribing software. One FTE position and funding for this initiative of \$74,831 from the general fund and \$224,493 of federal funds are included in Section 21 of House Bill No. 1012.

**Critical access hospital grants** - House Bill No. 1358 provides an appropriation of \$9.6 million from the strategic investment and improvements fund to the Department of Human Services for a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county for the 2013-15 biennium.

**Program of all-inclusive care for the elderly (PACE) program expansion** - House Bill No. 1360 authorizes the Department of Human Services to provide funding for the expansion of PACE.

**Expansion of medical assistance program** - House Bill No. 1362 appropriates to the Department of Human Services any amount of federal funds relating to implementing the provisions for the expansion of the medical assistance program from the federal Patient Protection and Affordable Care Act of 2010. Three FTE positions and funding for this initiative of \$248,789 from the general fund and \$157,990,000 are included in Section 21 of House Bill No. 1012. The bill also provides the Legislative Management consider a study of the effects of the federal Patient Protection and Affordable Care Act of 2010 during the 2013-14 interim.

**Children's services study** - House Bill No. 1378 requires the Department of Human Services to identify the estimated cost to implement a Medicaid waiver or amend an existing Medicaid waiver, to provide coverage for children who have continued and substantial medical and support needs, but who, at the age of three years, no longer qualify for services under the DD waiver. The department is to report its findings to the 64<sup>th</sup> Legislative Assembly.

**Child care stabilization** - House Bill No. 1422 provides a \$2.1 million general fund appropriation to the Department of Human Services for a child care stabilization initiative.

**Diabetes goals and plans** - House Bill No. 1443 requires the Department of Human Services, State Department of Health, Indian Affairs Commission, and Public Employees Retirement System to collaborate to identify goals and benchmarks while also developing individual agency plans to reduce the incidence of diabetes in the state, improve diabetes care, and control complications associated with diabetes. The agencies are to report to the Legislative Management before June 1 of each even-numbered year regarding the collaboration and the financial impact of diabetes to the agencies, the state, and localities.

**Bed capacity exchange** - Senate Bill No. 2068 allows the department to exchange residential child care facility bed capacity with psychiatric residential treatment facility bed capacity or psychiatric residential treatment facility bed capacity with residential child care facility bed capacity.

**Developmental Center name change** - Senate Bill No. 2069 changes the name of the Developmental Center, Westwood Park, Grafton, to the Life Skills and Transition Center.

**Children's health insurance program eligibility** - Senate Bill No. 2109 relates to eligibility determination for CHIP.

**Statewide 2-1-1 services** - Senate Bill No. 2205 provides a \$285,000 general fund appropriation to the Department of Human Services for a grant to an organization for administering statewide 2-1-1 services for the 2013-15 biennium.

**Child care services study** - Senate Bill No. 2244 provides the Legislative Management shall consider a study of the availability and access to child care services during the 2013-14 interim.

**Committee on Employment of People with Disabilities** - Senate Bill No. 2271 requires the Department of Human Services to provide honorariums for public members of the Committee and to provide administrative services to the committee. Funding for this initiative of \$27,594 from the general fund and \$12,000 of other funds is included in Section 21 of House Bill No. 1012.

**Reporting of abuse or neglect** - Senate Bill No. 2323 requires mandatory reporting by any medical or mental health professional or personnel, law enforcement officer, firefighter, member of the clergy, or caregiver having knowledge that a vulnerable adult has been subjected to abuse or neglect.

**Children's advocacy centers** - Senate Bill No. 2356 provides a \$300,000 general fund appropriation to the Department of Human Services for providing grants to children's advocacy centers for the 2013-15 biennium.

**Home and community-based services study** - Senate Bill No. 2375 provides the Legislative Management consider a study of home and community-based services in the state during the 2013-14 interim.