

Department of Human Services
Senate Bill No. 2012, House Bill No. 1007

	FTE Positions	General Fund	Other Funds	Total
2003-05 executive budget (bills as introduced)	2,041.12	\$378,572,046	\$1,110,494,419	\$1,489,066,465
2003-05 legislative appropriations	<u>2,057.42</u>	<u>411,081,823</u>	<u>1,097,801,932</u>	<u>1,508,883,755</u>
Legislative increase (decrease) to executive budget	16.30	\$32,509,777	(\$12,692,487)	\$19,817,290
Legislative increase (decrease) to 2001-03 appropriations	(186.15)	\$41,397,948	\$50,379,960 ¹	\$91,777,908 ¹

¹ The 2001-03 appropriations reflect \$16.3 million of special funds deficiency appropriations approved by the 2003 Legislative Assembly in House Bill No. 1200 and Senate Bill No. 2025.

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 Senate Bill No. 2423, which allows agencies to provide salary increases of up to 1 percent on January 1, 2004, and up to 2 percent on January 1, 2005, to be funded in part from pooled savings accumulated from agency FTE position reductions.

Major Items and FTE Changes

	FTE Positions	General Fund	Other Funds	Total
Management				
Executive budget recommendation	<u>113.80</u>	<u>\$16,050,143</u>	<u>\$31,912,324</u>	<u>\$47,962,467</u>
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(74,782)	(45,521)	(120,303)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,688)	(4,458)	(11,146)
Replaced general fund support with special or federal funds, if available		(1,500,000)	1,500,000	0
Administration Support				
Reduced funding for postage to a total of \$1,208,184		(160,709)	(241,064)	(401,773)
Increased funding from the lands and minerals trust fund to accommodate any loan prepayments by developmental disabilities services providers during the 2003-05 biennium			1,000,000	1,000,000
Information Technology Division				
Reduced funding for information technology contractual services		(100,000)		(100,000)

Removed funding for the computer system changes relating to the prescription drug assistance program for senior citizens recommended in the executive budget		(116,174)	(116,174)	(232,348)
Added funding for computer system changes relating to the medical assistance buy-in program authorized in Senate Bill No. 2194		125,000	125,000	250,000
Reduced funding for information technology. The amount reduced represents a reduction in information technology funding of approximately 5 percent.		(499,174)		(499,174)
Total legislative adjustments - Management	0	(\$2,332,527)	\$2,217,783	(\$114,744)
Total Management	113.80	\$13,717,616	\$34,130,107	\$47,847,723
Program and Policy				
Executive budget recommendation	234.80	\$272,175,155	\$974,986,069	\$1,247,161,224
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(68,008)	(165,603)	(233,611)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(7,087)	(16,752)	(23,839)
Added funding in a separate section for providing grants to community entities to assist in applying for federal health center grants		50,000		50,000
Reduced operating expenses. The department may determine the specific areas to reduce.		(1,000,000)		(1,000,000)
Replaced general fund support with special or federal funds, if available		(3,150,000)	3,150,000	0
Economic Assistance Policy				
No changes were made				
Child Support				
Restored funding removed in the executive budget for the Devils Lake child support enforcement unit reservation project		215,016		215,016
Medical Services				
Removed funding recommended in the executive budget for a prescription drug assistance program for senior citizens		(3,099,061)	(6,637,060)	(9,736,121)

Added funding for a medical assistance buy-in program and to expand personal care option services under Medicaid as authorized in Senate Bill No. 2194	1,318,321	2,796,287	4,114,608
Restored funding removed in the executive budget for the following optional medical assistance services for adults:			
• Chiropractic	84,905	182,702	267,607
• Dental	2,317,751	4,987,568	7,305,319
• Hospice	409,784	881,816	1,291,600
• Private duty nursing	465	994	1,459
Reduced funding for the following medical assistance services - Durable medical equipment, optometric, and psychological	(430,928)	(910,844)	(1,341,772)
Reduced funding for prescription drugs in the medical assistance program to provide a total of \$95.2 million	(1,880,000)	(3,995,000)	(5,875,000)
Added funding for medical assistance grants with the priority for use of the funding designated for increasing payments for inpatient, outpatient, and physician services	500,000	1,062,500	1,562,500
Removed funding for rehabilitation services relating to the Ruth Meiers Adolescent Treatment Center because the center will continue to be operated by the Northeast Human Service Center rather than by a private organization as anticipated in the executive budget. The funding removed was added to the Northeast Human Service Center.	(493,277)	(1,046,556)	(1,539,833)
Replaced funding from the health care trust fund with general fund support for administrative costs of the medical services program	62,666	(62,666)	0
Added funding to provide an 87 cents per hour salary increase to employees of developmental disabilities services providers	4,486,051	9,110,782	13,596,833
Added funding to increase the allowable fringe benefit percentage for employees of developmental disabilities services providers from 30 to 33 percent of salary	1,119,628	2,379,211	3,498,839
Replaced funding from the health care trust fund with general fund support for developmental disability grants	27,000	(27,000)	0
Long-Term Care Services			
Reduced funding as a result of the department's December 2002 reprojection of anticipated nursing facility costs for the 2003-05 biennium	(1,600,000)	(3,400,000)	(5,000,000)

Restored funding removed in the executive budget for the 3 percent nursing facility operating margin	1,932,211	4,156,667	6,088,878
Restored funding removed in the executive budget for nursing facility incentives	432,302	931,245	1,363,547
Provided that the nursing facility direct care limit be set at \$85 per day for the 2003-05 biennium rather than the 85th percentile as recommended in the executive budget	2,925,207	6,204,652	9,129,859
Replaced funding from the health care trust fund with general fund support for nursing facility payments in the medical assistance program	29,137,300	(29,137,300)	0
Replaced funding from the health care trust fund with general fund support for targeted case management services	338,530	(338,530)	0
Added funding in House Bill No. 1007 to provide for Medicaid reimbursement for the additional skilled nursing care beds authorized for the Veterans Home	96,924	205,586	302,510
Reduced funding for service payments for the elderly and disabled (SPED) relating to income and asset eligibility changes included in Senate Bill No. 2083	(2,632,049)	(138,530)	(2,770,579)
Reduced funding for the SPED program due to provisions of Senate Bill No. 2194 which allow personal care services to be covered under the medical assistance program for certain eligible individuals who were receiving those services under the SPED program	(1,439,497)	(75,763)	(1,515,260)
Replaced funding from the health care trust fund with general fund support for the SPED program	6,898,302	(6,898,302)	0
Reduced funding for expanded SPED	(300,000)		(300,000)
Reduced funding for expanded SPED due to provisions of Senate Bill No. 2194 which allow personal care services to be covered under the medical assistance program for certain eligible individuals who were receiving those services under the expanded SPED program	(646,053)		(646,053)
Added funding for increasing home and community-based services case management fees	150,000		150,000
Replaced funding from the health care trust fund with general fund support for the basic care assistance program	382,080	(382,080)	0

Aging Services			
Replaced funding from the health care trust fund with general fund support for the senior citizen mill levy matching grant program	250,000	(250,000)	0
Replaced funding from the health care trust fund with general fund support for qualified service provider training grants and reduced funding for the grants from \$140,000 to \$40,000	40,000	(140,000)	(100,000)
Children and Family Services			
Removed funding for eligibility determination costs relating to the prescription drug assistance program for senior citizens recommended in the executive budget	(158,500)	(158,500)	(317,000)
Restored funding removed in the executive budget for special needs adoption contract workers	200,000	118,725	318,725
Changed the source of funding to reflect additional general funds anticipated to be available from "refinancing" activities of the Children's Services Coordinating Committee during the 2003-05 biennium	(43,331)	43,331	0
Removed funding for foster care room and board costs relating to the Ruth Meiers Adolescent Treatment Center because the center will continue to be operated by the Northeast Human Service Center rather than by a private organization as anticipated in the executive budget. The funding removed was added to the Northeast Human Service Center.	(51,739)	(353,861)	(405,600)
Provided funding to maintain county reimbursements for child abuse and neglect assessments at \$400 per assessment	225,375		225,375
Restored funding removed in the executive budget for family preservation services to provide for a 90/10 state/county match rather than 80/20 as recommended in the executive budget	475,147		475,147
Mental Health and Substance Abuse Services			
Reduced funding for gambling addiction treatment services from \$225,000 to \$150,000	(75,000)		(75,000)
Developmental Disabilities Council			
Changed the source of funding for operating costs from the general fund to federal funds	(3,294)	3,294	0
Disabilities Services			
Added funding for corporate guardianship services relating to an anticipated increase in caseload and to increase the rate paid from \$3.20 to \$3.92 per day	275,383		275,383

Added funding for supported living arrangement services. The funds may be spent only if local or private matching funds of 1 to 1 are provided for the services. The department is to allocate the funds to each region based on each region's share of individuals with developmental disabilities who are seeking these services.		200,000		200,000
Changed the source of funding for independent living center grants from the health care trust fund to the general fund		100,000	(100,000)	0
Total legislative adjustments - Program and Policy	0.00	\$37,572,524	(\$18,018,987)	\$19,553,537
Total Program and Policy	<u>234.80</u>	<u>\$309,747,679</u>	<u>\$956,967,082</u>	<u>\$1,266,714,761</u>
State Hospital				
Executive budget recommendation	416.90	\$27,907,339	\$16,405,360	\$44,312,699
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(381,651)		(381,651)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(41,487)		(41,487)
Reduced funding for the State Hospital. The department may determine the specific areas to reduce.		(2,000,000)		(2,000,000)
Total legislative adjustments - State Hospital	0.00	(\$2,423,138)	\$0	(\$2,423,138)
Total State Hospital	<u>416.90</u>	<u>\$25,484,201</u>	<u>\$16,405,360</u>	<u>\$41,889,561</u>
Developmental Center				
Executive budget recommendation	458.04	\$9,913,773	\$32,234,480	\$42,148,253
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(90,309)	(249,828)	(340,137)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(12,235)	(34,824)	(47,059)

Reduced funding for the Developmental Center. The department may determine the specific areas to reduce.		(1,000,000)		(1,000,000)
Total legislative adjustments - Developmental Center	0.00	(\$1,102,544)	(\$284,652)	(\$1,387,196)
Total Developmental Center	458.04	\$8,811,229	\$31,949,828	\$40,761,057
Northwest Human Service Center				
Executive budget recommendation	51.00	\$3,684,311	\$3,647,636	\$7,331,947
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(49,167)	(1,838)	(51,005)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,105)	(158)	(5,263)
Total legislative adjustments - Northwest Human Service Center	0.00	(\$54,272)	(\$1,996)	(\$56,268)
Total Northwest Human Service Center	51.00	\$3,630,039	\$3,645,640	\$7,275,679
North Central Human Service Center				
Executive budget recommendation	112.78	\$7,948,212	\$6,735,850	\$14,684,062
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(96,270)	(10,848)	(107,118)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(10,746)	(1,328)	(12,074)
Added one activity therapist II and one administrative assistant I. Federal funding for the positions was included in the executive budget.	2.00			
Total legislative adjustments - North Central Human Service Center	2.00	(\$107,016)	(\$12,176)	(\$119,192)
Total North Central Human Service Center	114.78	\$7,841,196	\$6,723,674	\$14,564,870
Lake Region Human Service Center				
Executive budget recommendation	64.00	\$4,699,565	\$3,790,662	\$8,490,227
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(55,883)	(6,909)	(62,792)

Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(5,722)	(780)	(6,502)
Removed one vacant FTE administrative position (no funding was included in the executive budget for the position)	(1.00)			
Total legislative adjustments - Lake Region Human Service Center	(1.00)	(\$61,605)	(\$7,689)	(\$69,294)
Total Lake Region Human Service Center	63.00	\$4,637,960	\$3,782,973	\$8,420,933
Northeast Human Service Center				
Executive budget recommendation	123.60	\$7,529,216	\$10,099,083	\$17,628,299
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(70,661)	(48,782)	(119,443)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(7,208)	(5,898)	(13,106)
Added funding to continue operating the Ruth Meiers Adolescent Treatment Center. The executive budget anticipated the center would be operated by a private organization. The funding added was reduced from medical services and children and family services programs.	13.30	545,016	1,400,417	1,945,433
Total legislative adjustments - Northeast Human Service Center	13.30	\$467,147	\$1,345,737	\$1,812,884
Total Northeast Human Service Center	136.90	\$7,996,363	\$11,444,820	\$19,441,183
Southeast Human Service Center				
Executive budget recommendation	183.20	\$9,690,147	\$11,233,890	\$20,924,037
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(164,016)	(16,800)	(180,816)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(16,811)	(1,868)	(18,679)

Added one activity therapist I. Federal funding for the position was included in the executive budget.	1.00			
Total legislative adjustments - Southeast Human Service Center	1.00	(\$180,827)	(\$18,668)	(\$199,495)
Total Southeast Human Service Center	184.20	\$9,509,320	\$11,215,222	\$20,724,542
South Central Human Service Center				
Executive budget recommendation	86.00	\$5,713,073	\$5,741,308	\$11,454,381
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(78,067)	(8,464)	(86,531)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(7,899)	(976)	(8,875)
Total legislative adjustments - South Central Human Service Center	0.00	(\$85,966)	(\$9,440)	(\$95,406)
Total South Central Human Service Center	86.00	\$5,627,107	\$5,731,868	\$11,358,975
West Central Human Service Center				
Executive budget recommendation	119.00	\$8,575,947	\$9,137,950	\$17,713,897
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(102,620)	(14,668)	(117,288)
Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(10,118)	(1,647)	(11,765)
Added one office assistant I. Federal funding for the position was included in the executive budget.	1.00			
Total legislative adjustments - West Central Human Service Center	1.00	(\$112,738)	(\$16,315)	(\$129,053)
Total West Central Human Service Center	120.00	\$8,463,209	\$9,121,635	\$17,584,844
Badlands Human Service Center				
Executive budget recommendation	78.00	\$4,435,165	\$4,569,807	\$9,004,972
The legislative action:				
Removed funding recommended in the executive budget for state employee salary increases		(62,331)	(9,861)	(72,192)

Reduced funding recommended in the executive budget for state employee health insurance premiums from \$493 to \$488.70 per month per policy		(6,930)	(1,223)	(8,153)
Total legislative adjustments - Badlands Human Service Center	0.00	(\$69,261)	(\$11,084)	(\$80,345)
Total Badlands Human Service Center	78.00	\$4,365,904	\$4,558,723	\$8,924,627
Mental Health Contingency Pool				
Executive budget recommendation	0.00	\$250,000		\$250,000
Total legislative adjustments - Mental health contingency pool	0.00	\$0	\$0	\$0
Total Mental Health Contingency Pool	0.00	\$250,000	\$0	\$250,000
Health and Medical Funding Pool				
Executive budget recommendation	0.00	\$0	\$0	\$0
The legislative action:				
Added funding to supplement other funding provided for medical assistance, the Developmental Center, the State Hospital, and home and community-based services programs		1,000,000	2,125,000	3,125,000
Total legislative adjustments - Health and medical funding pool	0.00	\$1,000,000	\$2,125,000	\$3,125,000
Total Health and Medical Funding Pool	0.00	\$1,000,000	\$2,125,000	\$3,125,000
Total Department of Human Services				
Executive budget recommendation	2,041.12	\$378,572,046	\$1,110,494,419	\$1,489,066,465
Total legislative adjustments	16.30	\$32,509,777	(\$12,692,487)	\$19,817,290
Legislative appropriation	2,057.42	\$411,081,823	\$1,097,801,932	\$1,508,883,755

Other Sections in Bill

Health center grants - Section 2 was added appropriating \$50,000 from the general fund for grants to community entities to support community development and grant writing services for the purpose of health center grant application submission. The department may not award an individual grant of more than \$10,000. The \$50,000 appropriation is reflected in the legislative changes shown above under **Program and Policy**.

Health and medical funding pool - Section 3 was added appropriating \$3,125,000, of which \$1 million is from the general fund for a health and medical funding pool for supplementing other appropriations provided for medical assistance, the Developmental Center, State Hospital, and home and community-based services programs. The section includes legislative intent that whenever possible, the department use the general fund moneys appropriated in the section to maximize federal funding. This appropriation is reflected in the legislative changes shown above under **Health and Medical Funding Pool**.

Devils Lake Child Support Enforcement Unit - Section 4 was added providing legislative intent that the 2005 Legislative Assembly consider removing general fund support for the Devils Lake Child Support Enforcement Unit Reservation Project if the project's performance results do not improve during the 2003-05 biennium.

Developmental disability facility loan payments - Section 5 provides that \$3,261,556 appropriated from the lands and minerals trust fund under **Administration Support** is for making principal and interest payments to the common schools trust fund on DD loans from fund Nos. 2 and 3.

Health care trust fund transfer to the general fund - Section 6 was added transferring \$35,911,035 from the health care trust fund to the general fund during the 2003-05 biennium.

Department of Human Services funding transfers - Section 7 was added authorizing the Department of Human Services to transfer appropriation authority between line items within each subdivision of the department and between subdivisions of the department. The department is to report to the Budget Section after June 30, 2004, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2005 Legislative Assembly regarding any transfers made.

Federal TANF block grant programs expenditures - Section 8 was added requiring the department to make the changes necessary to programs utilizing funding from the TANF block grant to provide that by the end of the 2003-05 biennium, the total anticipated spending on these programs for each fiscal year does not exceed North Dakota's annual federal TANF block grant allocation.

Medical services copayments and limits - Section 9 was added requiring the department to establish a \$6 copayment for medical assistance recipients for each emergency room visit that is not designated an emergency service by the medical services provider and to establish other copayments or limits and make other programmatic changes within the medical services program to operate the program within the funding levels appropriated for the 2003-05 biennium.

Nursing facility direct care limit - Section 10 was added establishing for the 2003-05 biennium an \$85 direct care limit, adjusted for inflation, for determining nursing facility payment rates.

DD supported living arrangements - Section 11 was added requiring a 50/50 state/local match for the \$200,000 general fund appropriation provided for supported living arrangement services. The section also requires the department to allocate the \$200,000 appropriation proportionately to each human service region of the state based on the number of individuals with developmental disabilities seeking supported living arrangement services in each region.

Vocational rehabilitation surveys - Section 12 was added providing legislative intent that the department only survey vocational rehabilitation clients who become employed regarding job retention and job satisfaction after three months of employment if allowed under federal regulations for the 2003-05 biennium.

Compulsive gambling treatment services - Section 13 was added limiting the department's expenditures for compulsive gambling treatment services to no more than \$400,000 for the 2003-05 biennium.

Legislative Council studies - The following sections were added providing for Legislative Council studies:

Section 14 - Study human services administrative costs (prioritized by Legislative Council).

Section 15 - Study the needs and the services available for children with special health needs.

Section 16 - Study the feasibility and desirability of establishing a Medicaid advisory council (prioritized by Legislative Council).

Section 17 - Study North Dakota's long-term care continuum of services.

Related Legislation

Lottery - Compulsive gambling treatment services - House Bill No. 1243 provides a continuing appropriation of up to \$400,000 per biennium from a portion of the funds generated by the North Dakota Lottery for the Department of Human Services to provide compulsive gambling treatment services.

Prescription drug access program - House Bill No. 1399 appropriates \$100,000 from the general fund to the Insurance Department for implementing a pharmaceutical manufacturers' drug access program.

Medical assistance drug utilization review and prior authorization - House Bill No. 1430 provides for drug utilization review and drug prior authorization for the medical assistance program.

Transfer of information technology positions - Section 10 of House Bill No. 1505 authorizes the reduction and transfer of 5 FTE positions relating to information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Department of Human Services to the Information Technology Department. The Department of Human Services is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Department of Human Services is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The department is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employees in the transferred positions at a cost not to exceed the amounts transferred to the agency's information technology services account.

Medical assistance eligibility - Senate Bill No. 2074 continues provisions allowing children and family coverage groups and pregnant women to be eligible for medical assistance without considering assets. This change was made by the 2001 Legislative Assembly only for the 2001-03 biennium.

SPED eligibility - Senate Bill No. 2083 provides legislative intent that the Department of Human Services reduce the income levels used to determine an eligible individual's share of the cost of SPED services which will result in those with higher incomes and assets paying a greater share for the cost of the services being received. The bill also provides legislative intent that the department verify income levels and gather information on income-producing and other assets of individuals receiving services.

Targeted case management - Senate Bill No. 2085 continues indefinitely targeted case management and assessment services for eligible elderly and disabled individuals who are at risk of requiring long-term care services. These services were authorized by the 2001 Legislative Assembly only for the 2001-03 biennium.

DD services provider reimbursement system - Senate Bill No. 2086 requires the Department of Human Services to implement by July 1, 2005, a new fee-for-service payment system for providers of services to individuals with developmental disabilities. The department is to report to the Legislative Council on its progress in developing the new system during the 2003-04 interim.

Breast and cervical cancer treatment services - Senate Bill No. 2089 continues medical assistance coverage for breast and cervical cancer treatment. This coverage was added by the 2001 Legislative Assembly only for the 2001-03 biennium.

DD services provider tax - Senate Bill No. 2153 assesses each ICF/MR (intermediate care facility for the mentally retarded) a quarterly fee equal to 1.5 percent of all facilities' gross revenues for the previous year based on each facility's licensed beds.

Medical assistance buy-in and personal care services - Senate Bill No. 2194 establishes a medical assistance buy-in program for individuals with disabilities and allows certain eligible individuals, primarily those now receiving certain SPED and expanded SPED services, to receive personal care services under the medical assistance program.