

**State Department of Health
Budget No. 301
Senate Bill No. 2004; House Bill Nos. 1012 and 1395**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	210.50	\$44,103,431	\$224,618,774	\$268,722,205
2021-23 base budget	204.00	36,270,590	121,951,679	158,222,269
Legislative increase (decrease) to base budget	6.50	\$7,832,841	\$102,667,095	\$110,499,936

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$38,575,155	\$5,528,276	\$44,103,431
2019-21 legislative appropriations	36,270,590	90,000	36,360,590
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$2,304,565	\$5,438,276	\$7,742,841
Percentage increase (decrease) to 2019-21 appropriations	6.4%	6,042.5%	21.3%

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes		(\$1,839,117)	\$5,356,027	\$3,516,910
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022		443,158	551,652	994,810
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month		6,072	6,015	12,087
Transferred 4 FTE data processing coordinator III positions to the Information Technology Department for the IT unification initiative, including a decrease in the salaries and wages and tobacco prevention line items, and an increase in operating expenses line item	(4.00)	2,135	17,643	19,778
Added 10.5 FTE positions, including funding from the general fund for salaries and wages (\$354,335), 7 temporary positions (\$436,497), and operating expenses (\$3,668,934) for COVID-	10.50	4,459,766	(101,904)	4,357,862

19 response. Ongoing funding added for COVID-19 response totals \$4,459,766 from the general fund and is included in Senate Bill No. 2004. In addition, the Legislative Assembly provided \$5,608,094 from federal funds in House Bill No. 1394 as a 2019-21 biennium appropriation and allowed the department to continue the funding to the 2021-23 biennium for the COVID-19 response for these items.

Adjusted the funding source for salaries and wages related to the plans review program within the Life, Safety, and Construction Division from the general fund to special funds from program fees	(312,706)	312,706	0
Decreased funding for Food and Lodging Division temporary salaries and wages	(50,000)		(50,000)
Increased funding from federal funds for the State Health Officer's salary		132,000	132,000
Adjusted funding for cost-to-continue items, including a shift from professional fees to grants and adjustments to provide funding for certain items from the community health trust fund instead of the tobacco prevention and control trust fund	1,890,945	(1,594,952)	295,993
Removed funding for professional fees related to a part time clinical laboratory improvement amendment (CLIA) director. The Legislative Assembly added a .5 FTE position to serve as the CLIA director.	(19,200)	(12,800)	(32,000)
Added funding for Microsoft Office 365 licensing expenses	21,542	69,891	91,433
Increased funding from the community health trust fund for tobacco prevention and control, including funding for professional fees and grants	(1,108,000)	1,196,000	88,000
Decreased funding for tobacco prevention and control grants to local public health units to provide a total of \$6.25 million from the community health trust fund		(250,000)	(250,000)
Decreased funding for grants for state loan repayment programs for professionals to provide a total of \$2,120,345 for four loan programs, of which \$1,525,845 is from the general fund and \$594,500 is from the community health trust fund	(238,155)	70,500	(167,655)
Adjusted funding for an increase in the federal indirect rate to support agencywide costs	(1,060,000)	1,060,000	0
Decreased funding for professional services and grants related to a reduction in private and foundation grant opportunities		(975,000)	(975,000)

Added funding from the Helmsley Charitable Trust for training to continue increased access to automatic external defibrillators for law enforcement		327,500	327,500
Added funding from civil penalties for grants for long-term care facility improvements		100,000	100,000
Increased funding for operating expenses related to the University of North Dakota forensic examiner contract, to provide a total of \$1,625,270, of which \$1 million is from the community health trust fund and \$625,270 is from the general fund	105,270	1,000,000	1,105,270
Adjusted funding for bond and capital payments to provide a total of \$221,393, of which \$183,882 is from the general fund	(274,065)	(22,999)	(297,064)
Adjusted funding for extraordinary repairs to provide a total of \$136,500, of which \$30,650 is from the general fund		8,841	8,841
Adjusted funding for equipment over \$5,000 to provide a total of \$1,438,500, of which \$1,093,500 is from federal funds, and \$345,000 is from special funds, including laboratory fees and other special funds	(4,795)	(75,402)	(80,197)
Added one-time funding , including \$4,515,296 from the community health trust fund, for costs related to COVID-19 response, including salaries and wages, grants, and other operating expenses	4,747,045	4,515,296	9,262,341
Added one-time funding from fees for operating expenses related to updating vital records system technology		275,000	275,000
Added one-time funding for operating expenses (\$60,000) and capital assets (\$850,000) for forensic examiner equipment (\$500,000) and a forensic electronic records system (\$350,000)	781,231	128,769	910,000
Added one-time funding for statewide health strategies, including \$1.5 million from the community health trust fund and \$1.5 million of nonstate matching funds. The funds appropriated from the community health trust fund are contingent on the department securing dollar-for-dollar matching funds.		3,000,000	3,000,000
Added funding for a grant to a task force on the prevention of sexual abuse of children for staff and programming materials focused on primary prevention activities (House Bill No. 1012)	281,715	281,715	563,430

Added one-time funding from federal funds for COVID-19 response (House Bill No. 1395)			87,290,597	87,290,597
Total	<u>6.50</u>	<u>\$7,832,841</u>	<u>\$102,667,095</u>	<u>\$110,499,936</u>

FTE Changes

The Legislative Assembly approved 210.5 FTE positions for the State Department of Health for the 2021-23 biennium, an increase of 6.5 FTE positions from the 2019-21 biennium. The Legislative Assembly transferred 4 FTE data processing coordinator III positions to the Information Technology Department for the IT unification initiative and added 10.5 FTE positions related to COVID-19 response as follows:

	General Fund	Special Funds	Total
1.00 FTE research analyst IV position - Fiscal and Operations	\$133,785	\$85,795	\$219,580
1.00 FTE account/budget specialist II position - Fiscal and Operations	0	172,724	172,724
1.00 FTE research analyst II position - Fiscal and Operations	68,600	85,796	154,396
1.00 FTE health/human services program administrator III position - Medical Services	0	181,448	181,448
1.00 FTE epidemiologist II position - Medical Services	0	186,628	186,628
1.00 FTE health/human services program administrator III position - Medical Services	0	181,448	181,448
1.00 FTE administrative staff officer III position - Healthy and Safe Communities	0	171,376	171,376
0.50 FTE senior microbiologist position - Laboratory Services	0	135,494	135,494
1.00 FTE administrative assistant I position - Laboratory Services	0	135,691	135,691
1.00 FTE laboratory technician I position - Laboratory Services	0	145,566	145,566
<u>1.00 FTE administrative staff officer II position - Health Resources</u>	<u>151,950</u>	<u>0</u>	<u>151,950</u>
10.50	\$354,335	\$1,481,966	\$1,836,301

One-Time Funding

In Section 2 of Senate Bill No. 2004, the Legislative Assembly identified \$13,447,341 of one-time funding, of which \$5,528,276 is from the general fund. The Legislative Assembly provided \$275,000 from special funds available from fees for vital records system technology updates; \$3,000,000, of which \$1,500,000 is from the community health trust fund and \$1,500,000 is from nonstate matching funds, for a statewide health strategies initiative; \$9,262,341, of which \$4,747,045 is from the general fund and \$4,515,296 is from the community health trust fund, for costs related to COVID-19 response; and \$910,000, of which \$781,231 is from the general fund and \$128,769 is from federal funds, for operating expenses related to forensic examiner updates (\$60,000), forensic examiner equipment (\$500,000), and a forensic electronic records system (\$350,000). These amounts are not to be considered part of the State Department of Health's 2023-25 biennium base budget, and the State Department of Health is to report to the Appropriations Committees during the 2023 legislative session on the use of this funding.

Emergency Medical Services Funding

The Legislative Assembly provided a total of \$7,721,000, of which \$6,596,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund, for rural emergency medical services grants, the same level of funding as the 2019-21 biennium. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,750,000 is from the general fund and \$1,125,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund.

Tobacco Prevention and Control Funding

The Legislative Assembly, in Senate Bill No. 2024 (2017), repealed North Dakota Century Code Chapter 23-42 related to the tobacco prevention and control program and transferred the responsibility for the statewide tobacco prevention and control plan from the Tobacco Prevention and Control Executive Committee to the State Department of Health. The Legislative Assembly, in Senate Bill No. 2004 (2021) provided \$13,410,022, of which \$75,000 is from the general fund, \$11,293,000 is from the community health trust fund, and \$2,042,022 is from federal funds for tobacco prevention and control, \$507,958 more than the 2019-21

biennium. This level of funding represents a decrease from the general fund of \$1,108,000 and increases from the community health trust fund of \$1,593,000 and federal funds of \$22,958. Funding from the community health trust fund provides \$6,250,000 for grants to local public health units for tobacco prevention and control programs, a decrease of \$250,000 from a total of \$6,500,000 provided for grants during the 2019-21 biennium, and \$5,043,000 for community health tobacco programs and the Tobacco Quitline.

Local Public Health Unit Funding

The Legislative Assembly provided a total of \$5,250,000, of which \$4,725,000 is from the general fund and \$525,000 is from the community health trust fund, for grants to local public health units. The Legislative Assembly eliminated funding from the tobacco prevention and control trust fund and added \$525,000 from the community health trust fund to provide the same level of funding for grants to local public health units compared to the 2019-21 biennium appropriation of \$4,725,000 from the general fund and \$525,000 from the tobacco prevention and control trust fund.

Medical Marijuana Division

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 required the State Department of Health to establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. Therefore, the Legislative Assembly does not include an appropriation for the Medical Marijuana Division in the State Department of Health's budget. The department presented a budget, funded through the continuing appropriation, totaling \$1,564,793, including 5 FTE positions. The Legislative Assembly approved salary adjustments of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100, and 2 percent on July 1, 2022, totaling \$12,120 and approved House Bill No. 1359 which included a fiscal impact on expenditures of \$4,000, resulting in estimated expenditures from the medical marijuana fund of \$1,580,913 for the 2021-23 beinnium.

Loan Repayment Programs

The Legislative Assembly provided funding as follows for various professional loan repayment programs administered by the State Department of Health:

Loan Repayment Program	General Fund	Special Funds (Community Health Trust Fund)	Federal Funds	Total
Dental loan repayment program	\$180,000	\$360,000		\$540,000
Medical personnel loan repayment program	708,220			708,220
Behavioral health loan repayment program	157,625	234,500		392,125
Veterinarian loan repayment program	480,000			480,000
Federal/state loan repayment program			\$1,080,000	1,080,000
Total	\$1,525,845	\$594,500	\$1,080,000	\$3,200,345

State Department of Health and Department of Human Services Merger

The Legislative Assembly, in House Bill No. 1247 (2021), provided for the merger of the State Department of Health and the Department of Human Services to create the Department of Health and Human Services. In House Bill No. 1247, the Legislative Assembly provided legislative intent that, effective September 1, 2022, the State Department of Health merge into the Department of Human Services and both agencies be called the Department of Health and Human Services and that, effective September 1, 2022, the State Department of Health, including the State Health Officer, be under the authority of the Executive Director of the Department of Human Services, known as the Executive Director of the Department of Health and Human Services. Legislative intent also provides that during the 2021-23 biennium, the Executive Director of the former Department of Human Services review and reorganize the structure of the former Department of Human Services to incorporate the former State Department of Health and to find efficiencies in the newly formed Department of Health and Human Services. The newly formed Department of Health and Human Services is not required to reduce the FTE positions of the former State Department of Health and Department of Human Services. A fiscal note prepared by the Office of Management and Budget indicates there would be no immediate fiscal impact; however, if long-term savings are identified, they would be reflected in the budget for the 2023-25 biennium.

2019-21 Biennium Federal COVID-19 Funding

The Legislative Assembly appropriated a total of \$275,106,001 of federal COVID-19 funding for the 2019-21 biennium, of which \$101,573,769 was from the federal Coronavirus Relief Fund, as follows:

	Federal Funds - 2019-21 Biennium
Federal coronavirus relief funds approved by the Emergency Commission and the Budget Section:	
Department staff overtime, laboratory supplies, laboratory equipment, personal protective equipment, travel, IT equipment, medical supplies, delivery costs for laboratory specimens, and contract costs, including contact tracing, hotline, laboratory technicians, scientists, courier services, and nursing services.	\$51,888,807
Local public health funding allocated through the existing formula and distributed by the department on a cost reimbursement basis.	20,000,000
Temporary contact tracing and testing positions and operating expenses for June 1, 2020, through December 30, 2020.	13,668,654
Additional testing, including testing for the North Dakota University System and K-12 schools, including laboratory testing supplies and additional need for contact tracers, continued contracted hotline costs with Noridian Healthcare Solutions in Fargo, testing costs for a contracted laboratory in North Carolina to cover costs for testing in excess of capacity at the state laboratory, public awareness campaign, technology costs, and personal protective equipment.	62,941,500
Research costs associated with the team that moved from the State Emergency Operation Center to the State Department of Health, including salaries and wages (\$1,208,000) and operating expenditures (\$142,000) for 34 team members, including a new team leader and individuals to oversee testing outreach statewide, work with special populations, health analytics (dashboards and modeling), health logistics (nurse coordination), and health informatics (contact tracing application and related systems).	1,350,000
Costs associated with the Governor-appointed Public Health Strategists, including professional fee contracts with UND (\$338,624), NDSU (\$97,604), and a group to facilitate and provide the written recommendation (\$246,772). Contracts for UND and NDSU will include salary costs for percentage of work on the project.	683,000
Contingency funding due to the Federal Emergency Management Agency (FEMA) indicating COVID-19 testing will no longer be considered an allowable expenditure for FEMA funding.	31,583,968
Funding for a hospital COVID-19 staffing support grant program to increase and maintain staff, specifically in the state's six largest hospitals in the four largest communities. The grants will be awarded based on infrastructure and human resource capacity.	25,000,000
Federal coronavirus relief funding returned in October 2020 and reallocated.	(33,000,000)
Federal coronavirus relief funding returned and reallocated in House Bill No. 1395.	(72,542,160)
Total federal coronavirus relief funds - House Bill No. 1395	\$101,573,769
Additional federal COVID-19 response funding:	
COVID-19 testing, vaccine preparedness, and agency response costs.	\$100,532,232
FEMA funding anticipated during the 2019-21 biennium.	73,000,000
Total additional federal COVID-19 response funding anticipated during the 2019-21 biennium (House Bill No. 1394)	\$173,532,232
Total 2019-21 biennium federal COVID-19 funding	\$275,106,001

2021-23 Biennium Federal COVID-19 Funding

The Legislative Assembly appropriated a total of \$87,290,597 of federal COVID-19 funding for the 2021-23 biennium. Other estimated federal COVID-19 funding to be received through the federal American Rescue Plan Act and the Consolidated Appropriations Act was appropriated in House Bill No. 1395 as follows:

	Federal Funds - 2021-23 Biennium
Women, Infants, and Children (WIC) program - Cash value vouchers	\$801,409
Epidemiology and laboratory capacity for school testing	22,952,934
COVID-19 vaccine preparedness	32,258,011
National initiative to address COVID-19 health disparities among populations at high-risk and underserved, including racial and ethnic minority populations and rural communities - Consolidated Appropriations Act, 2021 (P.L. 116-260)	31,278,243
Total 2021-23 biennium federal COVID-19 funding	\$87,290,597

Other Sections in Senate Bill No. 2004

Statewide health strategies - Contingent appropriation - Section 3 provides the one-time funding of \$1.5 million appropriated from the community health trust fund for statewide health strategies is contingent on the department securing dollar-for-dollar matching funds.

Transfer of Appropriation Authority - Section 4 provides on September 1, 2022, the Office of Management and Budget transfer remaining appropriation authority contained in Senate Bill No. 2004 and any remaining appropriation authority for the State Department of Health in other bills to the Department of Health and Human Services. The appropriation authority transferred to the Department of Health and Human Services must be maintained and reported separately from other appropriation authority transferred to the Department of Health and Human Services.

Insurance tax distribution fund - Section 5 identifies \$1,125,000 from the insurance tax distribution fund for rural emergency medical services grants during the 2021-23 biennium.

Community health trust fund - Section 6 identifies \$20,837,620 provided from the community health trust fund for the following programs:

	Community Health Trust Fund 2021-23 Biennium
Behavioral risk factor survey	\$200,000
Behavioral health loan repayment	234,500
Domestic violence prevention	300,000
Women's way	329,500
Dentists' loan repayment	360,000
Local public health state aid	525,000
Cancer programs	580,324
Forensic examiner contract	1,000,000
Statewide health strategies initiative	1,500,000
Local public health pandemic response grants	4,515,296
Tobacco prevention and control	5,043,000
Tobacco prevention and control grants to local public health units	6,250,000
Total 2021-23 biennium federal COVID-19 funding	\$20,837,620

Transfer - Tobacco prevention and control trust fund to the community health trust fund - Section 7 requires the Office of Management and Budget transfer any money remaining in the tobacco prevention and control trust fund to the community health trust fund on July 1, 2021.

Health Council compensation - Section 8 amends Section 23-01-02, relating to the compensation of Health Council members, to increase daily compensation from \$62.50 to the same daily rate set for members of the Legislative Assembly.

Tobacco prevention and control trust fund - Section 9 is amends Section 54-27-25 to remove the tobacco prevention and control trust fund.

Water development trust fund - Sections 10 and 11 amend Sections 61-02.1-02.1 and 61-02.1-04 to remove the water development trust fund as a funding source for State Water Commission projects and bond repayment. In 2019, the Legislative Assembly amended Section 54-27-25 to provide all tobacco settlement funding be deposited in the community health trust fund and therefore, are no longer funds deposited in the water development trust. Section 13 repeals Sections 54-27-25.1 and 61-02.1-05 related to water development trust fund expenditures and the water development trust fund.

Legislative intent - State Department of Health and Department of Human Services merger - Section 12 amends Section 510 of House Bill No. 1247, as approved by the 67th Legislative Assembly, related to legislative intent regarding the merger of the State Department of Health and the Department of Human Services into the Department of Health and Human Services to remove subsections 5 and 6 of the section related to the transfer of State Department of Health appropriations to the Department of Health and Human Services.

Legislative intent - Funding for COVID-19 response - Section 14 provides legislative intent that the State Department of Health use federal COVID-19 funds or other available funds for defraying expenses related to local public health pandemic response grants before accessing \$4,515,296 appropriated from the community health trust fund.

Legislative Management study - Health Council Authority - Section 15 provides for a Legislative Management study of the roles of the State Health Officer, Health Council, Medical Advisory Board, and Governor as they relate to the administration of the State Department of Health.

Emergency - Section 16 provides \$350,000, of which \$221,231 is from the general fund and \$128,769 is from federal funds, appropriated for an electronic medical record system is declared to be an emergency measure.

Related Legislation

House Bill No. 1103 - Relates to mobile home park, recreational vehicle park, and campground **license renewals and transfers**.

House Bill No. 1118 - Relates to the **authority of the State Health Officer and the gubernatorial declaration of disaster** or emergency.

House Bill No. 1247 - Merges the State Department of Health and the Department of Human Services to create the **Department of Health and Human Services**. A fiscal note prepared by the Office of Management and Budget indicates there would be no immediate fiscal impact; however, if long-term savings are identified, they would be reflected in the budget for the 2023-25 biennium.

House Bill No. 1359 - Eliminates the \$50 application **fee for designated caregivers**, allows up to 5 designated caregivers for a registered qualifying patient, and changes the membership of the **Medical Marijuana Advisory Board**. A fiscal note prepared by the department indicates a reduction in revenue of \$22,250 and additional expenditures from other funds of \$4,000; however, no appropriation is necessary because the program operates under a continuing appropriation.

House Bill No. 1394 - Provides an appropriation of \$173,532,232 of **federal funds for COVID-19 related expenditures** for the remainder of the 2019-21 biennium and the 2021-23 biennium.

House Bill No. 1395 - Provides an appropriation for the remainder of the 2019-21 biennium and the 2021-23 biennium of \$101,573,769 of **federal coronavirus relief fund** spending authority approved for the State Department of Health for the 2019-21 biennium by the Emergency Commission and Budget Section and an appropriation for the 2021-23 biennium of \$87,290,597 of **additional federal COVID-19 funding** estimated to be received during the 2021-23 biennium through the federal American Rescue Plan Act and the Consolidated Appropriations Act.

House Bill No. 1418 - Relates to the **qualifications of the State Health Officer**.

House Bill No. 1493 - Provides for the distribution of annual **financial assistance to eligible ambulance service operations**. Funding for emergency medical services grants is provided in the State Department of Health appropriation in Senate Bill No. 2004.

Senate Bill No. 2059 - Relates to the **definition of marijuana** and the scheduling of controlled substances.

Senate Bill No. 2119 - Relates to **food and lodging establishment licenses**.

Senate Bill No. 2125 - Adds licensed behavior analyst to the list of behavioral health professionals eligible for **student loan repayment**.

Senate Bill No. 2181 - Relates to the **State Health Officer and Governor's authority** during a declared disaster or emergency.

Senate Bill No. 2226 - Requires the State Department of Health to license and inspect **residential end-of-life facilities**.

Senate Bill No. 2241 - Allows the State Department of Health to use a third party to review **construction and renovation plans** and provides a continuing appropriation to pay the third party from fees charged to the providers.

Senate Bill No. 2334 - Requires the State Department of Health to license **extended stay centers**. A fiscal note prepared by the department indicates estimated revenue from licensing fees of \$60,000 and estimated expenditures from other funds totaling \$18,020; however, the department would not need additional funding authority.