

NORTH DAKOTA LEGISLATIVE COUNCIL

Minutes of the

HUMAN SERVICES COMMITTEE

Tuesday, April 1, 2008
Roughrider Room, State Capitol
Bismarck, North Dakota

Representative Jeff Delzer, Chairman, called the meeting to order at 9:00 a.m.

Members present: Representatives Jeff Delzer, Patrick R. Hatlestad, Curt Hofstad, Lee Kaldor, James Kerzman, Gary Kreidt, Vonnie Pietsch, Chet Pollert, Clara Sue Price, Robin Weisz; Senators JoNell A. Bakke, Dick Dever, Aaron Krauter, Judy Lee, Jim Pomeroy, John M. Warner

Members absent: Representatives Jon Nelson, Ken Svedjan; Senator Robert S. Erbele

Others present: Jim W. Smith, Legislative Council, Bismarck

Senator David O'Connell, member of the Legislative Council, was also in attendance.

See attached [appendix](#) for additional persons present.

It was moved by Senator Dever, seconded by Representative Kreidt, and carried on a voice vote that the minutes of the previous meeting be approved as distributed.

OTHER COMMITTEE RESPONSIBILITIES

Ms. Carol Cartledge, Director of Public Assistance, Department of Human Services, presented information regarding the alternatives-to-abortion services program pursuant to 2007 Senate Bill No. 2312. She said 472 women between the ages of 13 and 45 received services through providers of alternatives-to-abortion services from July 2007 through February 2008.

Ms. Cartledge said of the \$400,000 from federal funds appropriated for the 2007-09 biennium, \$91,208 has been spent through March 14, 2008.

Ms. Cartledge said educational information on alternatives to abortion was distributed in September 2007 to higher education institutions and larger high schools in the state. She said information will be distributed to additional high schools in April 2008. A copy of the information presented is on file in the Legislative Council office.

Senator Krauter suggested the department distribute educational information to all high schools in the state.

In response to a question from Representative Hofstad, Ms. Cartledge said many clients are one-time visitors to alternatives-to-abortion service providers. She said many clients do not return for additional services if the first visit results in a negative pregnancy test.

Senator Lee suggested the department provide alternatives-to-abortion information through social networking web sites.

Chairman Delzer asked the Legislative Council staff to provide information to the committee at its next meeting on the Mental Health America of North Dakota's "2-1-1" program, including the number of calls received, accessibility, participants and related contracts, effectiveness of the program, and budget-related information.

Dr. Brendan Joyce, Administrator, Pharmacy Services, Department of Human Services, provided information regarding the Drug Utilization Review Board pursuant to 2007 House Bill No. 1422. He said the classes of medications to be reviewed by the board are oncology, HIV/AIDS, attention deficit hyperactivity disorder (ADHD), antidepressants, antipsychotics, and mood stabilizers. For comparison purposes, Dr. Joyce presented the following schedule showing the total spent in June 2007 for Medicaid prescription drugs:

Drug Class	Amount Spent	Percentage of Total Spending
Antipsychotics	\$319,036	16.00%
Mood stabilizers	250,525	12.57%
Antidepressants	160,376	8.04%
ADHD	159,629	8.01%
Oncology	29,986	1.50%
HIV/AIDS	7,012	0.3%
Other	1,066,971	53.58%
Total	\$1,993,535	100.0%

A copy of the information presented is on file in the Legislative Council office.

In response to a question from Representative Delzer, Dr. Joyce said individuals currently receiving prior-authorized antidepressant medication will continue to use the medication. He said generic antidepressant medication will be evaluated for use by new patients.

Chairman Delzer asked the Legislative Council staff to provide information to the committee on the history of the Drug Utilization Review Board, reasons for establishing it, board membership, and how often the board meets.

Representative Weisz suggested the committee receive information on the percentage of funds being used for generic antidepressant medications compared to nongeneric medications.

In response to a question from Senator Dever, Dr. Joyce said the board considers drug safety and effectiveness as top priorities when reviewing drugs.

He said the board will only consider generic medications when they have the same effectiveness and safety as nongeneric medication.

Ms. Brenda M. Weisz, Director, Fiscal Administration, Department of Human Services, presented information on the department's budget. She said of the total 2007-09 biennium general fund appropriation of \$595,736,773, the department is projecting to spend \$592,986,074. She said current projections of unspent general fund appropriations for the 2007-09 biennium are approximately \$2.7 million.

Ms. Weisz said the federal Centers for Medicare and Medicaid Services published an interim rule relating to targeted case management services under Medicaid. She said the rule became effective in March 2008 and affects federal funding available for targeted case management activities for child welfare populations. She said the rule may require additional state funding for these services during the 2007-09 biennium.

In response to a question from Representative Delzer, Ms. Weisz said the State Hospital is nearing capacity. She said this is primarily due to an increase in patients needing addiction treatment.

In response to a question from Representative Pollert, Ms. Weisz said the state child welfare caseload is less than anticipated while the adoption caseload is exceeding estimates.

Senator Warner suggested the committee receive information regarding the number of clients receiving case management services by program and the number of case managers assigned to each program. Chairman Delzer asked the department to provide this information to the committee at a future meeting.

In response to a question from Representative Kaldor, Ms. Weisz said Medicaid expenditures are recorded when the claim is finalized and paid to the service provider.

Representative Weisz suggested the committee receive information on Medicaid prescription drug spending by month.

IMMUNIZATION PROGRAM STUDY

Mr. Randy Miller, Immunization Program Business Manager, State Department of Health, provided an update on the immunization program study. He said two local public health unit test sites completed testing in mid-February and all parts of the billing system are working properly. He said the University of North Dakota School of Medicine and Health Sciences completed the initial setup of its Encore software to provide billing services on behalf of the local public health units. He said the interface with Blue Cross Blue Shield of North Dakota has been tested and claims are being received.

Mr. Miller said the collection of patient insurance information was added on the *Vaccine Administration Record* form. He said the State Department of Health is working with the Department of Public Instruction to consider options for gathering health insurance information from parents at the time of school registration.

Mr. Miller reported that of the 28 local public health units in this state, 24 will provide both state-supplied "Vaccines for Children" (VFC) program vaccine and private vaccine, 3 local public health units will provide state-supplied VFC vaccine only, and 1 local public health unit will provide no vaccinations. He said it is estimated that 226 children will be affected by the four local public health units not providing private vaccine and 28 children by the local public health unit not providing VFC vaccine.

In response to a question from Representative Price, Mr. Miller said until an appropriate interface system is built with the North Dakota immunization information system, two local public health units will need to enter vaccine and insurance information in two systems.

In response to a question from Representative Price, Mr. Miller said local public health units will not be responsible for collecting insurance copayments or deductibles. He said the University of North Dakota will be collecting these funds. He said \$2 will be withheld from each vaccination payment for administrative costs of the University of North Dakota.

In response to a question from Representative Price, Ms. Molly Sander, Immunization Program Director, State Department of Health, said the federal "317" vaccine allocation is discretionary and was previously used for children who had insurance with a provider other than Blue Cross Blue Shield. She said the federal "317" vaccine allocation was used to keep the state classified as "universal" status through December 31, 2007.

Representative Price suggested the committee receive information regarding the use of "317" vaccine allocations for purposes that may not have been anticipated by the Legislative Assembly.

Chairman Delzer asked the Legislative Council staff to provide information to the committee at its next meeting regarding the legislative intent of the use of funds, including "317" funds, for human papillomavirus (HPV) vaccinations during the 2007-09 biennium.

Representative Price said vaccines for school children should be a top priority for funding.

Mr. Rod St. Aubyn, Blue Cross Blue Shield of North Dakota, provided information on the immunization program transition. He said Blue Cross Blue Shield has been working with the State Department of Health, the University of North Dakota, and local public health units on the immunization transition. He said the project has been successful to date, with few problems encountered. A copy of the information presented is on file in the Legislative Council office.

In response to a question from Representative Delzer, Mr. St. Aubyn said the increasing costs of providing vaccines to members are due to new vaccines becoming available, a higher projected number of vaccinations, and the increased costs of vaccines.

Mr. Keith Johnson, Administrator, Custer District Health Unit, Mandan, presented information regarding the immunization program transition. Due to the

transition, he said, many local public health units have large inventories of vaccine. He said the health units will need to purchase insurance coverage on vaccine supplies. He said the state fire and tornado fund will begin to provide coverage for equipment failure in July 2008. A copy of the information presented is on file in the Legislative Council Office.

In response to a question from Representative Price, Mr. Johnson said federal rules prohibit certain redistributions of vaccines between health units. He said this could cause vaccines to expire if demand for the vaccine is not as great as expected for a health unit.

In response to a question from Senator Lee, Ms. Sander said local public health units may not purchase vaccines from the state at a federally reduced rate.

Ms. Julie Ferry, Nurse Administrator, Nelson-Griggs District Health Unit, presented information regarding the immunization program transition. She said the health unit will not provide immunizations unless insurance information is provided at the time of immunization. She said the health unit is working to educate parents on the new insurance requirements involved with the vaccination process. A copy of the information presented is on file in the Legislative Council office.

STUDY OF ECONOMIC ASSISTANCE PROGRAMS - RESPONSIBILITIES OF THE STATE AND COUNTIES

Mr. Terry Traynor, North Dakota Association of Counties, presented information regarding state and county financing of economic assistance programs.

	1999-2001	2001-03	2003-05	2005-07
Grant costs in excess of administration reimbursement	\$870,000	\$3,700,000	\$6,530,000	\$10,300,000
Additional funds for countywide cost allocation plan fee	230,000	70,000	0	0
Additional computer costs in excess of fiscal year 2005 costs adjusted for inflation	890,000	1,650,000	1,240,000	1,230,000
Additional Indian county funds provided in excess of \$440,000	1,340,000	2,040,000	2,280,000	2,750,000
Total avoided county expenditures and corresponding additional state costs	\$3,330,000	\$7,460,000	\$10,050,000	\$14,280,000

A copy of the schedule presented is on file in the Legislative Council office.

In response to a question from Representative Delzer, Ms. McDermott said the department anticipates providing \$3.2 million for Indian county payments for the 2007-09 biennium.

The committee recessed for lunch at 12:00 noon and reconvened at 1:00 p.m.

HEALTH INSURANCE COST-BENEFIT ANALYSES

Mr. Michael Fix, Division Director, Life and Health Insurance, Insurance Department, presented information regarding cost-benefit analyses of health insurance mandates during the 2009 legislative

He said since the "swap" agreement, the reimbursement process and budgeting have become easier for counties. He said counties have better control over staffing issues and are able to better manage tax revenue requirements.

Mr. Traynor said the three components of county social services costs are economic assistance, elderly services, and child welfare services. He said the "swap" agreement has resulted in efficiencies to counties for administering economic assistance programs. He suggested the Legislative Assembly consider changes to elderly and child welfare services programs that would also improve the efficiency and effectiveness of these programs.

Mr. Larry J. Bernhardt, President, North Dakota County Social Service Directors Association, commented on economic assistance programs. He said separate computer systems exist for the food stamp program, Medicaid, temporary assistance for needy families (TANF), low-income home energy assistance program, and the child care assistance program. He suggested consolidating computer systems to improve service to clients and increase efficiency. A copy of the testimony is on file in the Legislative Council office.

Ms. Debra McDermott, Assistant Director of Fiscal Administration, Department of Human Services, presented a schedule regarding the fiscal effects of the "swap" agreement on counties and the state. For the 2005-07 biennium, she said, counties avoided an estimated \$14.28 million of costs due to the agreement. She provided the following information detailing the county-avoided costs since 1999:

session. He said the department will be reviewing proposals from qualified entities and will recommend the top three entities to the committee at the next meeting. A copy of the information presented is on file in the Legislative Council office.

In response to a question from Representative Delzer, Mr. Fix said a cost-benefit analysis generally may be completed within one month of the request being made.

Chairman Delzer asked the Legislative Council staff to provide the committee with information regarding previous reviews of health insurance mandates and on the costs of insurance-related analyses paid for by the Public Employees Retirement System.

MEDICAID SYSTEMS PROJECT

The Legislative Council staff distributed written testimony from the Department of Human Services regarding the status of the Medicaid systems project. The testimony reported that \$10,874,819 has been spent of the total project appropriation of \$62,529,371. A copy of the testimony is on file in the Legislative Council office.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES STUDY

The Legislative Council staff presented a memorandum entitled [Other States' Temporary Assistance for Needy Families Initiatives](#). The memorandum provides information on the New Mexico "Education Works" program and the Arkansas "Work Pays" program.

Ms. Cartledge presented information regarding the TANF program. She said diversion assistance is used to assist needy families in remaining self-sufficient by providing short-term cash assistance. She said eligible families may be placed in the program for one to four months. She said average diversion assistance cases per month are 431 with approximately 51 percent of cases eventually moving to the TANF program. A copy of the information presented is on file in the Legislative Council office.

Ms. Cartledge said clients are considered for placement in the transition assistance program near the anticipated closure of the TANF case. She said eligible recipients can receive up to six months of benefits in the transition assistance program. She said the benefits count toward an individual's 60-month lifetime limit for receipt of TANF-funded benefits and there were 136 cases in February 2008. In addition to cash assistance, the program assists participants with child care and transportation needs.

Ms. Cartledge presented information regarding outcome and performance data of TANF program components. She said there is an increase in TANF clients who no longer receive public assistance. She said of the 803 cases closed between October and December 2006, 229 cases moved off all public assistance by September 2007.

Ms. Cartledge said current TANF policy offers an incentive for adult clients who marry. She said income for a stepparent is disregarded for six months in the calculation of the TANF benefit.

Ms. Cartledge presented information regarding the history of the TANF program and new initiatives since 1997. She said new program initiatives include kinship care, transition assistance, diversion assistance, and the use of an electronic payment card.

Ms. Weisz presented a schedule regarding the projected June 30, 2009, TANF carryover balance. She said the current projection of funds to be carried forward to the 2009-11 biennium is \$11,526,797.

In response to a question from Representative Delzer, Ms. Cartledge said statewide TANF caseloads

are less than anticipated. She said the decrease is not specific to any geographic area.

Chairman Delzer asked the department to provide the committee with information on funding sources and projected spending levels of the adoption assistance program.

Ms. Cartledge suggested the committee consider the following changes to the TANF program:

- Extend transition assistance from 6 months to 12 months.
- Allow TANF clients to participate in vocational education for up to 24 months instead of 12 months.
- Increase the dollar amount of TANF grants.

Ms. Cartledge said the projected work participation rate for February 2008 is 64 percent. She said additional information is being compiled and a complete report will be presented at the next meeting.

Ms. Trina Gress, Community Options, Inc., provided information to the committee regarding TANF clients engaged in the "career options" program. She said the program provides professional services to develop or enhance client careers. A copy of the information presented is on file in the Legislative Council office.

Ms. Pegas Calvillo, client of career options program, testified on her experiences with the career options program. She said the career options program provided her with the necessary resources to find employment in a timely manner. She said working with the program has been a positive experience.

Ms. Cartledge said the department has not shifted more money into welfare-to-work programs to improve work participation.

Ms. Cartledge presented information on TANF program sanctions. She said federal law directs states to impose financial sanctions by reducing or eliminating TANF benefits to recipients that fail to comply with program requirements. From October to December 2007, she said, sanctions were imposed on 3.6 percent to 5 percent of the cases.

Ms. Cartledge presented information on incentives for TANF recipients to begin employment and increase work effort. She said a standard employment expense allowance and disregarded income are used to calculate benefit amounts.

In response to a question from Representative Delzer, Ms. Cartledge said diversion assistance can be used when a client is ineligible for TANF funds due to earnings.

Ms. Cartledge said a TANF workgroup is reviewing the process of transferring clients between the TANF program and diversion assistance program. She said the workgroup is researching how to simplify the transfer process.

Ms. Cartledge commented on the process of distributing child care payments to clients. She said provisions of 2007 Senate Bill No. 2186 provide that child care payments must be paid directly to recipients using a debit card.

Ms. Cartledge said first-time ReliaCard users are experiencing fewer delays in receiving their cards. She said the cards are now processed in state which could be reducing the delay.

Ms. Cartledge presented information regarding education being used as an allowable job opportunity and basic skills activity. She said current federal rules allow a participant to use education as an allowable activity for 12 months. She said state funds may need to be used if the program is expanded to allow individuals to count education as an allowable activity for 24 months.

Ms. Cartledge said there is currently no penalty imposed on TANF recipients that submit their monthly report late. She said monthly reporting is required under the TANF program and the report is due on the fifth day of each month.

Ms. Cartledge presented a schedule regarding suggested increases for TANF grants. She said the department's 2007-09 biennium budget anticipates an average caseload of 2,750 per month with an average benefit of \$340. She said by using the monthly average of \$340, the following table provides information on how different increases would impact the TANF monthly benefit and funding:

Increase Amount	First Year	Second Year	Estimated Additional Funding Per Biennium
2 percent first year; 2 percent second year	\$347	\$354	\$693,020
3 percent first year; 3 percent second year	\$350	\$361	\$1,230,020
4 percent first year; 5 percent second year	\$354	\$372	\$1,518,020

In response to a question from Representative Delzer, Ms. Cartledge said TANF clients who are unemployed or in an educational program are referred to the career options program. She said the department's contract with the career options program is not based upon the number of clients served.

Senator Krauter expressed concern that the department has not fully considered the suggestions to improve the TANF program.

In response to a question from Senator Lee, Ms. Cartledge said the career options program

focuses on placing clients in jobs currently in the community. She said expanding the educational opportunities of the TANF program would allow the possibility of job placements in hard-to-fill job areas.

Ms. Beth Zander, Director, Customer Service, Job Service North Dakota, presented information regarding the training and educational needs of TANF clients. She said many high-demand jobs require little training and provide earnings higher than minimum wage. She said examples of these jobs include truck drivers, retail salespersons, customer service representatives, and child care workers.

Ms. Zander presented a schedule of high-demand jobs in North Dakota that require varying degrees of training. A copy of the information presented is on file in the Legislative Council office.

COMMITTEE DISCUSSION AND STAFF DIRECTIVES

Senator Lee suggested the committee receive information on the "2-1-1" program, including how the Mental Health Association became involved with the alternatives-to-abortion services program and related contracts with the Department of Human Services.

In response to a question from Senator Lee, Chairman Delzer said if time permits, the committee may receive information regarding recipient liability at a future meeting.

Chairman Delzer announced the next committee meeting may be in June or July 2008. There being no further business, Chairman Delzer adjourned the meeting at 3:30 p.m.

Brady A. Larson
Fiscal Analyst

Allen H. Knudson
Legislative Budget Analyst and Auditor

ATTACH:1