

**FIRST ENGROSSMENT  
with Conference Committee Amendments**

**ENGROSSED SENATE BILL NO. 2012**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of  
2 human services; to provide statements of legislative intent; to provide for a legislative council  
3 report; to provide for legislative council studies; to authorize a Bank of North Dakota loan; to  
4 provide a contingent appropriation; to provide for transfers; to create and enact a new section  
5 to chapter 23-01 and chapter 23-39 of the North Dakota Century Code, relating to programs for  
6 children with special health care needs; to amend and reenact sections 25-17-02, 25-17-03,  
7 50-06-01.2, 50-06-01.4, 50-06-24, and 50-24.4-15 of the North Dakota Century Code, relating  
8 to rulemaking and to the provision of medical food for individuals with metabolic disorders, the  
9 structure of the department of human services, guardianship services, and to nursing home  
10 property-related costs; and to repeal chapter 50-10 of the North Dakota Century Code, relating  
11 to aid to crippled children.

12 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

13 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this  
14 section represent the base level funding component appropriated to the department of human  
15 services in section 3 of this Act as follows:

16 Subdivision 1.

17 MANAGEMENT

18 Salaries and wages	\$10,708,738
19 Operating expenses	60,968,708
20 Capital assets	<u>2,756</u>
21 Total all funds - Base level	\$71,680,202
22 Less estimated income - Base level	<u>52,153,741</u>
23 Total general fund - Base level	\$19,526,461

24 Subdivision 2.

1	PROGRAM AND POLICY	
2	Salaries and wages	\$22,812,481
3	Operating expenses	39,780,685
4	Capital assets	33,864
5	Grants	332,838,450
6	Grants - Medical assistance	<u>1,006,356,338</u>
7	Total all funds - Base level	\$1,401,821,818
8	Less estimated income - Base level	<u>1,035,138,447</u>
9	Total general fund - Base level	\$366,683,371
10	Subdivision 3.	
11	HUMAN SERVICE CENTERS AND INSTITUTIONS	
12	Northwest human service center	\$7,352,302
13	North central human service center	15,347,691
14	Lake region human service center	9,143,432
15	Northeast human service center	20,583,131
16	Southeast human service center	23,765,764
17	South central human service center	12,196,647
18	West central human service center	18,587,469
19	Badlands human service center	9,241,398
20	State hospital	47,917,171
21	Developmental center	<u>42,425,282</u>
22	Total all funds - Base level	\$206,560,287
23	Less estimated income - Base level	<u>108,348,645</u>
24	Total general fund - Base level	\$98,211,642
25	Grand total general fund appropriation - Base level	\$484,421,474
26	Grand total special funds appropriation - Base level	\$1,195,640,833
27	Grand total all funds appropriation - Base level	\$1,680,062,307

28       **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The  
29 amounts identified in this section represent the funding adjustments or enhancements to the  
30 base funding level for the department of human services which are included in the  
31 appropriation in section 3 of this Act as follows:

Sixtieth  
Legislative Assembly

1	Subdivision 1.	
2		MANAGEMENT
3	Salaries and wages	\$815,145
4	Operating expenses	(28,594,686)
5	Capital assets	<u>(2,471)</u>
6	Total all funds - Adjustments/enhancements	(\$27,782,012)
7	Less estimated income - Adjustments/enhancements	<u>(29,068,576)</u>
8	Total general fund - Adjustments/enhancements	\$1,286,564
9	Subdivision 2.	
10		PROGRAM AND POLICY
11	Salaries and wages	\$2,456,130
12	Operating expenses	26,791,117
13	Capital assets	(33,465)
14	Grants	9,023,335
15	Grants - Medical assistance	<u>102,286,592</u>
16	Total all funds - Adjustments/enhancements	\$140,523,709
17	Less estimated income - Adjustments/enhancements	<u>75,226,362</u>
18	Total general fund - Adjustments/enhancements	\$65,297,347
19	Subdivision 3.	
20		HUMAN SERVICE CENTERS AND INSTITUTIONS
21	Northwest human service center	\$146,655
22	North central human service center	1,446,512
23	Lake region human service center	683,064
24	Northeast human service center	1,537,933
25	Southeast human service center	2,316,347
26	South central human service center	2,496,321
27	West central human service center	2,113,795
28	Badlands human service center	564,763
29	State hospital	16,838,960
30	Developmental center	<u>5,331,330</u>
31	Total all funds - Adjustments/enhancements	\$33,475,680

Sixtieth  
Legislative Assembly

1	Less estimated income - Adjustments/enhancements	<u>4,472,489</u>
2	Total general fund - Adjustments/enhancements	\$29,003,191
3	Grand total general fund appropriation - Adjustments/enhancements	\$95,587,102
4	Grand total special funds appropriation - Adjustments/enhancements	\$54,130,275
5	Grand total all funds appropriation - Adjustments/enhancements	\$149,717,377

6       **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the  
7 funds as may be necessary, are appropriated out of any moneys in the general fund in the state  
8 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
9 other income, to the department of human services for the purpose of defraying the expenses  
10 of its various divisions, for the biennium beginning July 1, 2007, and ending June 30, 2009, as  
11 follows:

12       Subdivision 1.

13	MANAGEMENT	
14	Salaries and wages	\$11,523,883
15	Operating expenses	32,374,022
16	Capital assets	<u>285</u>
17	Total all funds	\$43,898,190
18	Less estimated income	<u>23,085,165</u>
19	Total general fund	\$20,813,025

20       Subdivision 2.

21	PROGRAM AND POLICY	
22	Salaries and wages	\$25,268,611
23	Operating expenses	66,571,802
24	Capital assets	399
25	Grants	341,861,785
26	Grants - Medical assistance	<u>1,108,642,930</u>
27	Total all funds	\$1,542,345,527
28	Less estimated income	<u>1,110,364,809</u>
29	Total general fund	\$431,980,718

30       Subdivision 3.

31                                   HUMAN SERVICE CENTERS AND INSTITUTIONS

Sixtieth  
Legislative Assembly

1	Northwest human service center	\$7,498,957
2	North central human service center	16,794,203
3	Lake region human service center	9,826,496
4	Northeast human service center	22,121,064
5	Southeast human service center	26,082,111
6	South central human service center	14,692,968
7	West central human service center	20,701,264
8	Badlands human service center	9,806,161
9	State hospital	64,756,131
10	Developmental center	<u>47,756,612</u>
11	Total all funds - Subdivision 3	\$240,035,967
12	Less estimated income - Subdivision 3	<u>112,821,134</u>
13	Total general fund - Subdivision 3	\$127,214,833
14	Grand total general fund appropriation - S.B. 2012	\$580,008,576
15	Grand total special funds appropriation - S.B. 2012	\$1,249,771,108
16	Grand total all funds appropriation - S.B. 2012	\$1,829,779,684

17           **SECTION 4. FUNDING TRANSFERS - EXCEPTION - AUTHORIZATION.**

18 Notwithstanding section 54-16-04, the department of human services may transfer  
19 appropriation authority between line items within each subdivision of section 3 of this Act and  
20 between subdivisions within section 3 of this Act for the biennium beginning July 1, 2007, and  
21 ending June 30, 2009. The department shall notify the office of management and budget of  
22 any transfer made pursuant to this section. The department shall report to the budget section  
23 after June 30, 2008, any transfers made in excess of \$50,000 and to the appropriations  
24 committees of the sixty-first legislative assembly regarding any transfers made pursuant to this  
25 section.

26           **SECTION 5. BANK OF NORTH DAKOTA LOAN AUTHORIZATION - BUDGET**

27 **SECTION APPROVAL - CONTINGENT APPROPRIATION.** If cost and caseload/utilization of  
28 developmental disabilities services is more than anticipated by the sixtieth legislative assembly,  
29 the department of human services, subject to budget section approval, may borrow the sum of  
30 \$3,500,000, or so much of the sum as may be necessary, from the Bank of North Dakota,  
31 which is appropriated for the purpose of providing the state matching share of additional

1 medical assistance grants for developmental disabilities services for the biennium beginning  
2 July 1, 2007, and ending June 30, 2009. The department of human services shall request  
3 funding from the sixty-first legislative assembly to repay any loan obtained pursuant to  
4 provisions of this section, including accrued interest.

5 **SECTION 6. CRITICAL ACCESS HOSPITALS - MEDICAL ASSISTANCE**

6 **REIMBURSEMENT METHOD.** The department of human services shall implement a  
7 cost-based reimbursement system for inpatient and outpatient hospital services of critical  
8 access hospitals based on the funding provided in section 3 of this Act for the biennium  
9 beginning July 1, 2007, and ending June 30, 2009.

10 **SECTION 7. DEPARTMENT OF HUMAN SERVICES STUDY - REBASING MEDICAL**

11 **SERVICES PAYMENT RATES - REPORT TO LEGISLATIVE ASSEMBLY.** The department  
12 of human services shall determine, during the 2007-08 interim and with the assistance of a  
13 health care consultant, the estimated cost of rebasing payment rates under the medical  
14 assistance program for hospital, physician, dentist, ambulance, and chiropractic services to the  
15 actual cost of providing these services for use in preparing the department's budget request for  
16 the 2009-11 biennium. The base year used in developing the cost estimate must be the most  
17 recent calendar year for which complete financial information is available to the department.  
18 The department shall report its findings and recommendations to the appropriations committees  
19 of the sixty-first legislative assembly. The department's recommendations may include options  
20 for staggered implementation or earlier implementation date preferences for service providers  
21 that have medical assistance service revenue that is ten percent or more of its total patient  
22 revenue. Any funds appropriated by the sixtieth legislative assembly to the department for  
23 providing the information required by this section may not be spent for other purposes during  
24 the biennium beginning July 1, 2007, and ending June 30, 2009.

25 **SECTION 8. LEGISLATIVE COUNCIL STUDY - NURSING HOME RATE**

26 **EQUALIZATION.** The legislative council shall consider studying, during the 2007-08 interim,  
27 the feasibility and desirability of continuing the equalization of nursing home payment rates and  
28 the feasibility and desirability of establishing a provider tax or assessment on nursing homes.  
29 The study must include input from representatives of the department of human services, other  
30 appropriate state agencies, and the nursing home industry. The legislative council shall report

1 its findings and recommendations, together with any legislation required to implement the  
2 recommendations, to the sixty-first legislative assembly.

3 **SECTION 9. LEGISLATIVE COUNCIL STUDY - INFANT DEVELOPMENT**

4 **PROGRAM.** The legislative council shall consider studying, during the 2007-08 interim, infant  
5 development programs. The study, if conducted, must include a review of the state's lead  
6 agency agreement, service coordination, staffing, and funding structure, including the adequacy  
7 of the funding and the equitable distribution of the funds to providers. The legislative council  
8 shall report its findings and recommendations, together with any legislation required to  
9 implement the recommendations, to the sixty-first legislative assembly.

10 **SECTION 10. LEGISLATIVE INTENT - DEVELOPMENTAL DISABILITIES SERVICE**

11 **PROVIDERS FUNDING INCREASES - EMPLOYEE SALARY INCREASE PRIORITY.** It is the  
12 intent of the sixtieth legislative assembly that developmental disabilities service providers give  
13 priority to using the increased funding being provided for the 2007-09 biennium for increasing  
14 employees' salaries.

15 **SECTION 11. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

16 **SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in  
17 subdivision 3 of section 3 of this Act includes \$8,244,131 for the one-time funding items  
18 identified in this section. This amount is not a part of the agency's base budget to be used in  
19 preparing the 2009-11 executive budget. The department of human services shall report to the  
20 appropriations committees of the sixty-first legislative assembly on the use of this one-time  
21 funding for the biennium beginning July 1, 2007, and ending June 30, 2009.

22 State hospital

23 Sex offender treatment addition	\$3,100,000
24 Capital improvements	3,062,757
25 Extraordinary repairs	1,153,500
26 Developmental center	
27 Capital improvements	300,000
28 Extraordinary repairs	547,092
29 Equipment	<u>80,782</u>
30 Total	\$8,244,131

1           **SECTION 12. METHAMPHETAMINE TREATMENT SERVICES.** The department of  
2 human services shall use the \$700,000 from the general fund included in the operating  
3 expenses line item in subdivision 2 of section 3 of this Act for increasing the number of  
4 individuals receiving treatment services under the department's existing contract for  
5 methamphetamine treatment services for the biennium beginning July 1, 2007, and ending  
6 June 30, 2009.

7           **SECTION 13. ESTIMATED INCOME - LIMIT - HEALTH CARE TRUST FUND.** The  
8 estimated income line item in subdivision 2 of section 3 of this Act includes \$525,597 from the  
9 health care trust fund. The department of human services expenditures from this fund may not  
10 exceed this amount for the biennium beginning July 1, 2007, and ending June 30, 2009.

11           **SECTION 14. LEGISLATIVE INTENT - STATE CHILDREN'S HEALTH INSURANCE**  
12 **PROGRAM.** The funding appropriated in subdivision 2 of section 3 of this Act includes  
13 \$453,000 for a state children's health insurance program outreach program. It is the intent of  
14 the sixtieth legislative assembly that the department of human services provide this funding to  
15 an entity that focuses on statewide community health care initiatives and issues.

16           **SECTION 15.** A new section to chapter 23-01 of the North Dakota Century Code is  
17 created and enacted as follows:

18           **Children with special health care needs - Program administration.** The state  
19 department of health shall administer programs for children with special health care needs as  
20 may be necessary to conform to title 5, part 2, of the federal Social Security Act, as amended  
21 through July 1, 2007 [Pub. L. 74-271; 49 Stat. 620; 42 U.S.C. 701 et seq.], including providing  
22 services and assistance to children with special health care needs and their families and  
23 developing and operating clinics for the identification, screening, referral, and treatment of  
24 children with special health care needs.

25           **SECTION 16.** Chapter 23-39 of the North Dakota Century Code is created and enacted  
26 as follows:

27           **23-39-01. Definitions.** In this chapter unless the context or subject matter otherwise  
28 requires:

- 29           1. "County agency" means the county social service boards in this state.  
30           2. "Department" means the state department of health.



1           **23-39-02. Administration of services for children with special health care needs.**

2           Services for children with special health care needs must be administered by the department in  
3           conformity with title 5, part 2, of the federal Social Security Act, as amended through July 1,  
4           2007 [Pub. L. 74-271; 49 Stat. 620; 42 U.S.C. 701 et seq.].

5           **23-39-03. Duties of the department.** The department, in administering this chapter,  
6           shall:

- 7           1. Cooperate with the federal government in the development of plans and policies  
8           for services for children with special health care needs.
- 9           2. Adopt rules and take any necessary action to entitle the state to receive aid from  
10           the federal government for services for children with special health care needs in  
11           conformity with title 5, part 2, of the federal Social Security Act and its  
12           amendments.
- 13           3. Take action, give directions, and adopt rules to carry out the provisions of this  
14           chapter, including the adoption and application of suitable standards and  
15           procedures to ensure uniform and equitable treatment of all applicants for services  
16           for children with special health care needs.
- 17           4. Cooperate with the federal government in matters of mutual concern pertaining to  
18           services to children with special health care needs, including the adoption of  
19           methods of administration found necessary by the federal government for the  
20           efficient operation of the plan for assistance.
- 21           5. Provide necessary qualified employees and representatives.
- 22           6. Establish and enforce a merit system as may be required under the federal Social  
23           Security Act, as amended through July 1, 2007 [Pub. L. 74-271; 49 Stat. 620;  
24           42 U.S.C. 701 et seq.].
- 25           7. Make reports in the form and containing the information the federal government  
26           requires and comply with the provisions, rules, and regulations the federal  
27           government makes to assure the correctness and verification of a report.
- 28           8. Publish a biennial report and any interim reports necessary.
- 29           9. Provide medical food and low-protein modified food products to individuals with  
30           phenylketonuria or maple syrup urine disease under chapter 25-17.

1           10. Establish eligibility criteria for services under this chapter at one hundred  
2                   eighty-five percent of the poverty line, except for criteria relating to Russell-Silver  
3                   syndrome, phenylketonuria, or maple syrup urine disease treatment services for  
4                   which income is not to be considered when determining eligibility. For purposes of  
5                   this chapter, "poverty line" has the same meaning as defined in section 50-29-01.

6           **23-39-04. Birth report of child with special health care needs made to**  
7 **department.** Within three days after the birth in this state of a child born with a visible  
8 congenital deformity, the licensed maternity hospital or home in which the child was born, or the  
9 legally qualified physician or other person in attendance at the birth of the child outside of a  
10 maternity hospital, shall furnish the department a report concerning the child with the  
11 information required by the department.

12           **23-39-05. Birth report of child with special health care needs - Use - Confidential.**  
13 The information contained in the report furnished to the department under section 23-39-04  
14 concerning a child with a visible congenital deformity may be used by the department for the  
15 care and treatment of the child pursuant to this chapter. The report is confidential and is solely  
16 for the use of the department in the performance of its duties. The report is not open to public  
17 inspection nor considered a public record.

18           **23-39-06. Duties of county agencies.** A county agency shall:

- 19           1. Cooperate with the department in administering this chapter in its county subject to  
20                   rules adopted by the department.
- 21           2. Make surveys and reports regarding children with special health care needs in the  
22                   various counties to the department when the department directs and in the way the  
23                   department directs.
- 24           3. Provide for the transportation of a child with special health care needs to a clinic  
25                   for medical examination and to a hospital or a clinic for treatment.

26           **23-39-07. Russell-Silver syndrome - Services - Definitions.**

- 27           1. The department shall provide payment of a maximum of fifty thousand dollars per  
28                   child per biennium for medical food and growth hormone treatment at no cost to  
29                   individuals through age eighteen who have been diagnosed with Russell-Silver  
30                   syndrome, regardless of income. If the department provides an individual with  
31                   services under this section, the department may seek reimbursement from any

1           governmental program that provides coverage to that individual for the services  
2           provided. The parent of an individual receiving services under this section shall  
3           obtain any health insurance available to the parent on a group basis or through an  
4           employer or union, and that insurance must be the primary payer before payment  
5           under this program.

6           2. For purposes of this section:

7           a. "Growth hormone treatment" means a drug prescribed by a physician or other  
8           licensed practitioner for the long-term treatment of growth failure, the supplies  
9           necessary to administer the drug, one out-of-state physician visit per year to  
10           obtain expert consultation for the management of Russell-Silver syndrome,  
11           appropriate in-state physician visits, and the travel expenses associated with  
12           physician visits for the child and one parent.

13           b. "Medical food" means a formula that is intended for the dietary treatment of a  
14           disease or condition for which nutritional requirements are established by  
15           medical evaluation and is formulated to be consumed or administered under  
16           the direction of a physician as well as any medical procedure and supplies  
17           necessary for assimilation of the formula.

18           **SECTION 17. AMENDMENT.** Section 25-17-02 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20           **25-17-02. Rulemaking requirement.** The state health council ~~and the department of~~  
21 ~~human services~~ shall adopt rules necessary to implement this chapter.

22           **SECTION 18. AMENDMENT.** Section 25-17-03 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24           **25-17-03. Treatment for positive diagnosis - Registry of cases.**

25           4. The state department of health shall:

26           a. 1. Follow up with attending physicians cases with positive tests for metabolic  
27           diseases in order to determine the exact diagnosis.

28           b. 2. Refer every diagnosed case of a metabolic disease to a qualified health care  
29           provider for necessary treatment of the metabolic disease.

30           c. 3. Maintain a registry of cases of metabolic diseases.

- 1           2. ~~The department of human services, as a program provided under chapter 50-10,~~  
2           ~~shall:~~
- 3       a. 4. Provide medical food at no cost to males under age twenty-two and females under  
4           age forty-five who are diagnosed with phenylketonuria or maple syrup urine  
5           disease, regardless of income. If treatment services under this subsection are  
6           provided to an individual by the department, the department may seek  
7           reimbursement from any government program that provides coverage to that  
8           individual for the treatment services provided by the department.
- 9       b. 5. Offer for sale at cost medical food to females age forty-five and over and to males  
10           age twenty-two and over who are diagnosed with phenylketonuria or maple syrup  
11           urine disease, regardless of income. These individuals are responsible for  
12           payment to the department for the cost of medical food.
- 13       c. 6. Provide low-protein modified food produces, if medically necessary as determined  
14           by a qualified health care provider, to females under age forty-five and males  
15           under age twenty-two who are receiving medical assistance and are diagnosed  
16           with phenylketonuria or maple syrup urine disease.

17           **SECTION 19. AMENDMENT.** Section 50-06-01.2 of the North Dakota Century Code is  
18 amended and reenacted as follows:

19           **50-06-01.2. Department of human services - Creation.** ~~The North Dakota~~  
20 department of human services is hereby created to assume the functions, powers, and duties  
21 of the following governmental agencies:

- 22           1. The social service board of North Dakota, including all of the statutory authority  
23           and responsibilities set out in chapters 27-21, 50-06, 50-06.1, 50-09, ~~50-10~~, 50-11,  
24           50-11.1, 50-12, 50-18, 50-19, 50-21, 50-24.1, and 50-25.1.
- 25           2. The mental health and retardation division of the state department of health as  
26           established by chapter 25-10, including the state hospital and any other institutions  
27           under the jurisdiction of the mental health and retardation division.
- 28           3. The division of alcoholism and drug abuse of the state department of health as  
29           established by chapter 54-38.
- 30           4. The state council on developmental disabilities as established by section  
31           25-01-01.1.

1           **SECTION 20. AMENDMENT.** Section 50-06-01.4 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **50-06-01.4. Structure of the department.** The department includes the state hospital;  
4 the regional human service centers; a vocational rehabilitation unit; and other units or offices  
5 and administrative and fiscal support services as the executive director determines necessary.  
6 The department must be structured to promote efficient and effective operations and,  
7 consistent with fulfilling its prescribed statutory duties, shall act as the official agency of the  
8 state in the discharge of the following functions not otherwise by law made the responsibility of  
9 another state agency:

- 10           1. Administration of programs for children and families, including adoption services  
11           and the licensure of child-placing agencies, foster care services and the licensure  
12           of foster care arrangements, child protection services, children's trust fund, state  
13           youth authority, licensure of day care homes and facilities, services to unmarried  
14           parents, refugee services, in-home community-based services, and administration  
15           of the interstate compacts on the placement of children and juveniles.
- 16           2. Administration of programs for persons with developmental disabilities, including  
17           licensure of facilities and services, and the design and implementation of a  
18           community-based service system for persons in need of habilitation.
- 19           3. Administration of aging service programs, including nutrition, transportation,  
20           advocacy, social, ombudsman, recreation, and related services funded under the  
21           Older Americans Act of 1965 [42 U.S.C. 3001 et seq.], home and  
22           community-based services, licensure of adult family care homes, committee on  
23           aging, and the fund matching program for city or county tax levies for senior citizen  
24           activities and services.
- 25           4. Administration of mental health programs, including planning and implementing  
26           preventive, consultative, diagnostic, treatment, and rehabilitative services for  
27           persons with mental or emotional disorders and psychiatric conditions.
- 28           5. ~~Administration of programs for crippled children, including the provision of services~~  
29           ~~and assistance to crippled children and their families, and the development and~~  
30           ~~operation of clinics for the identification, screening, referral, and treatment of~~  
31           ~~crippled children.~~

1           6- Administration of alcohol and drug abuse programs, including establishing quality  
2 assurance standards for the licensure of programs, services, and facilities,  
3 planning and coordinating a system of prevention, intervention, and treatment  
4 services, providing policy leadership in cooperation with other public and private  
5 agencies, and disseminating information to local service providers and the general  
6 public.

7       7- 6. Administration of economic assistance programs, including temporary assistance  
8 for needy families, food stamps, fuel assistance, child support enforcement,  
9 refugee assistance, work experience, work incentive, and quality control.

10       8- 7. Administration of medical service programs, including medical assistance for  
11 needy persons, early and periodic screening, diagnosis and treatment, utilization  
12 control, and claims processing.

13 The executive director shall consult with and maintain a close working relationship with the  
14 state department of health; with the department of corrections and rehabilitation and the  
15 superintendents of the school for the deaf and the school for the blind to develop programs for  
16 developmentally disabled persons; and with the superintendent of public instruction to  
17 maximize the use of resource persons in regional human service centers in the provision of  
18 special education services. The executive director shall also maintain a close liaison with  
19 county social service agencies.

20           **SECTION 21. AMENDMENT.** Section 50-06-24 of the North Dakota Century Code is  
21 amended and reenacted as follows:

22           **50-06-24. Guardianship services.** The department of human services may create  
23 and coordinate a unified system for the provision of guardianship services to vulnerable adults  
24 who are ineligible for developmental disabilities case management services. The system must  
25 include a base unit funding level at the same level as developmental disability corporate  
26 guardianship rates, provider standards, staff competency requirements, ~~the use of an~~  
27 ~~emergency funding procedure to cover the costs of establishing needed guardianships~~, and  
28 guidelines and training for guardians. ~~The department shall require that the contracting entity~~  
29 ~~develop and maintain a system of volunteer guardians to serve the state.~~ The department shall  
30 adopt rules for guardianship services to vulnerable adults which are consistent with chapters  
31 30.1-26, 30.1-28, and 30.1-29.

1           **SECTION 22. AMENDMENT.** Section 50-24.4-15 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3           **50-24.4-15. Property-related costs.**

- 4           1. The department shall include in the ratesetting system for nursing homes a  
5 payment mechanism for the use of real and personal property which provides for  
6 depreciation and related interest costs. The property cost payment mechanism  
7 must:
- 8           a. Recognize the valuation basis of assets acquired in a bona fide transaction as  
9 an ongoing operation after July 1, 1985, limited to the lowest of:
    - 10           (1) Purchase price paid by the purchaser;
    - 11           (2) Fair market value at the time of sale; or
    - 12           (3) Seller's cost basis, increased by one-half of the increase in the  
13 consumer price index for all urban consumers (United States city  
14 average) from the date of acquisition by the seller to the date of  
15 acquisition by the buyer, less accumulated depreciation.
  - 16           b. Recognize depreciation on land improvements, buildings, and fixed  
17 equipment acquired, as an ongoing operation over the estimated useful  
18 remaining life of the asset as determined by a qualified appraiser.
  - 19           c. Recognize depreciation on movable equipment acquired as an ongoing  
20 operation after August 1, 1995, over a composite remaining useful life.
  - 21           d. Provide for an interest expense limitation determined by the department and  
22 established by rule.
  - 23           e. Establish a per bed property cost limitation considering single and double  
24 occupancy construction.
  - 25           f. Recognize increased lease costs of a nursing home operator to the extent the  
26 lessor has incurred increased costs related to the ownership of the facility, the  
27 increased costs are charged to the lessee, and the increased costs would be  
28 allowable had they been incurred directly by the lessee.
  - 29           g. Recognize any mandated costs, fees, or other moneys paid to the attorney  
30 general through transactions under sections 10-33-144 through 10-33-149.

- 1           2. For rate years beginning after December 31, 2003, the limitations of paragraph 3  
2           of subdivision a of subsection 1 do not apply to the valuation basis of assets  
3           purchased between July 1, 1985, and July 1, 2000. The provisions of this  
4           subsection may not be applied retroactively to any rate year before July 1, 2005.
- 5           3. For rate years beginning after December 31, 2007, the limitations of subdivision e  
6           of subsection 1 do not apply to the valuation basis of assets acquired as a result of  
7           a natural disaster before December 31, 2006. The provisions of this subsection  
8           may not be applied retroactively to any rate year before January 1, 2008.

9           **SECTION 23. REPEAL.** Chapter 50-10 of the North Dakota Century Code is repealed.