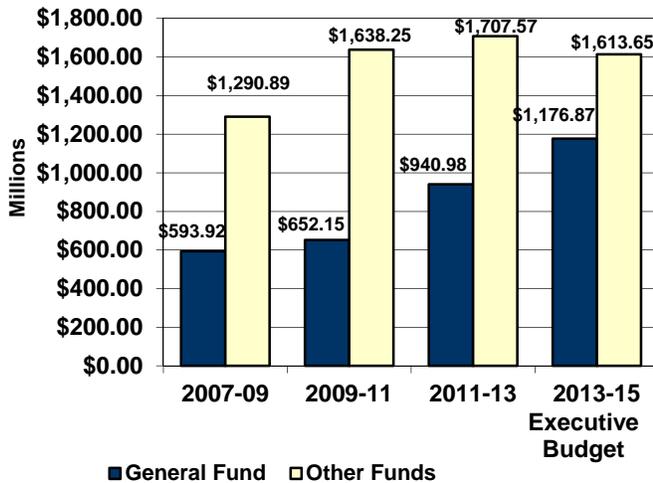


**Department 325 - Department of Human Services  
 House Bill No. 1012**

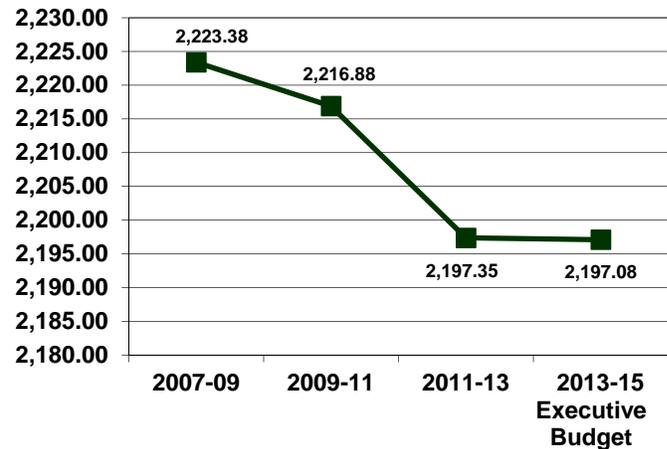
|                                    | FTE Positions | General Fund    | Other Funds     | Total                      |
|------------------------------------|---------------|-----------------|-----------------|----------------------------|
| 2013-15 Executive Budget           | 2,197.08      | \$1,176,869,527 | \$1,613,649,730 | \$2,790,519,257            |
| 2011-13 Legislative Appropriations | 2,197.35      | 940,976,017     | 1,707,572,238   | 2,648,548,255 <sup>1</sup> |
| Increase (Decrease)                | (0.27)        | \$235,893,510   | (\$93,922,508)  | \$141,971,002              |

<sup>1</sup>The 2011-13 appropriation amounts do not include \$19,879,775, of which \$965,771 is from the general fund, of carryover from the 2009-11 biennium and an allocation of \$93,519 from the general fund from the Office of Management and Budget for student internships.

**Agency Funding**



**FTE Positions**



**Ongoing and One-Time General Fund Appropriations**

|                                    | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|------------------------------------|------------------------------------|-------------------------------------|----------------------------------|
| 2013-15 Executive Budget           | \$1,167,242,898                    | \$9,626,629                         | \$1,176,869,527                  |
| 2011-13 Legislative Appropriations | 927,187,922                        | 13,788,095                          | 940,976,017                      |
| Increase (Decrease)                | \$240,054,976                      | (\$4,161,466)                       | \$235,893,510                    |

**Executive Budget Highlights**

|   | General Fund  | Other Funds    | Total         |
|---|---------------|----------------|---------------|
| <b>Departmentwide</b>   |               |                |               |
| 1. Reflects the additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP). The FMAP determines the federal and state share of Medicaid, foster care, and other program expenditures. North Dakota's FMAP is decreasing from 55.12 percent in federal fiscal year 2013 to 50 percent in federal fiscal year 2014. The department anticipates North Dakota's FMAP to remain at 50 percent for federal fiscal year 2015. These changes are also reflected in selected program amounts below. | \$93,347,906  | (\$93,364,313) | (\$16,407)    |
| 2. Provides a 4 percent per year inflationary increase for human service providers. The Legislative Assembly in 2011 approved a 3 percent per year inflationary increase for all providers excluding physicians.  | \$40,870,206  | \$40,416,214   | \$81,286,420  |
| 3. Reduces funding for salaries and wages by \$4,283,030 from the general fund in anticipation of savings resulting from employee turnover and position vacancies   | (\$4,283,030) |                | (\$4,283,030) |
| 4. Provides funding for state employee salary increases, of which \$14,574,179 relates to performance increases and \$9,784,705 is for market equity adjustments  | \$16,807,630  | \$7,551,254    | \$24,358,884  |

## Management

|  |                |                |                |
|--|----------------|----------------|----------------|
| 1. Adds <b>one-time funding</b> for salary enhancements for staff in Williston, Minot, and Dickinson   | \$3,253,008    | \$514,992      | \$3,768,000    |
| 2. Removes <b>one-time funding</b> provided in the 2011-13 biennium for the Information Technology Services Division   | (\$11,171,765) | (\$55,446,690) | (\$66,618,455) |
| 3. Adjusts funding for program and cost changes for the Information Technology Services Division (detailed changes not identified)   | \$2,998,397    | \$3,271,607    | \$6,270,004    |
| 4. Adds <b>one-time funding</b> for replacement of the field services electronic health records system   | \$5,000,000    |                | \$5,000,000    |
| 5. Adds <b>one-time funding</b> for analyzing the feasibility of removing the remaining department systems that run on the mainframe to a new application or a new operating environment | \$148,907      | \$661,093      | \$810,000      |

## Program and Policy

|  |               |                |                |
|--|---------------|----------------|----------------|
| 1. Provides \$5,597,322 from the general fund for <b>Indian county payments</b>  | \$606,961     |                | \$606,961      |
| 2. Reduces funding for <b>temporary assistance for needy families</b> (TANF) costs to \$14,505,536, of which \$445,001 is from the general fund and \$8,979,599 is from retained funds. The funding level is anticipated to provide services for an average monthly caseload of 1,799 and to provide an average payment of \$336 per case.   | (\$5,086,957) | \$2,853,243    | (\$2,233,714)  |
| 3. Provides \$20,898,665, of which \$252,686 is from the general fund, \$6,917,975 is from retained funds, and the remainder from federal funds, for <b>child care grants</b> . The change reflects an increase of \$23,117 in retained funds and an increase of \$320,696 in federal funds.   |               | \$343,813      | \$343,813      |
| 4. Decreases federal funding for supplemental nutrition assistance program (SNAP) or <b>food stamp benefits</b> to provide a total of \$201,289,482  |               | (\$40,653,014) | (\$40,653,014) |
| 5. Increases funding for the <b>low-income home energy assistance program</b> (LIHEAP) to provide a total of \$41,393,130  |               | \$1,956,853    | \$1,956,853    |
| 6. Provides \$603,272,940, of which \$244,944,194 is from the general fund, for <b>medical assistance grants</b> in the medical services program compared to \$563,586,902 provided for the 2011-13 biennium, of which \$197,027,430 was from the general fund. Major components of the additional funding are listed below:   |               |                |                |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | \$1,946,720   | \$3,934,355    | \$5,881,075    |
| Adds additional general fund support as a result of FMAP changes   | \$29,381,242  | (\$29,381,242) |                |
| Executive budget changes, including funding for 4 percent per year inflationary adjustments for human services providers, individuals currently eligible for Medicaid but not receiving services, QSP mileage reimbursement, increasing the personal care allowance from \$50 to \$65 for psychiatric treatment facilities and SSI clients, continuing payments to critical access hospitals, and rebasing payment to rural health clinics to Medicare rates | \$16,588,802  | \$17,216,161   | \$33,804,963   |
| 7. Increases funding for <b>Healthy Steps</b> (children's health insurance program) to provide a total of \$33.3 million, of which \$11.6 million is from the general fund, to provide health insurance coverage for an average of 4,456 children at a monthly premium of \$311.79. The executive budget recommends maintaining eligibility requirements for the program at 160 percent of the federal poverty level based on net income.                    | \$3,110,516   | \$2,709,152    | \$5,819,668    |

|  |               |                |               |
|--|---------------|----------------|---------------|
| 8. Includes \$29,487,399, of which \$28,352,679 is from the general fund and \$1,134,720 is from estate collections, for making Medicare Part D prescription drug " <b>clawback</b> " payments to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid. The amount provided is an increase of \$3,179,920 from the 2011-13 biennium appropriation of \$26,307,479, of which \$25,152,575 was from the general fund. | \$3,200,104   | (\$20,184)     | \$3,179,920   |
| 9. Provides \$501,294,823, of which \$249,740,962 is from the general fund, for <b>nursing facility care</b> under the long-term care program compared to \$459,836,020, of which \$202,407,983 was from the general fund, provided for the 2011-13 biennium. Major components of the additional funding are listed below:   |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | \$6,446,175   | \$6,337,787    | \$12,783,962  |
| Adds general fund support as a result of FMAP changes  | \$26,568,735  | (\$26,568,735) |               |
| Executive budget changes, including funding for 4 percent per year inflationary adjustments for human services providers, increasing the personal care allowance from \$50 to \$65, and a provider 50 cents per hour wage passthrough  | \$14,318,069  | \$14,356,772   | \$28,674,841  |
| 10. Provides \$36,280,327, of which \$22,927,750 is from the general fund, for <b>basic care services</b> compared to \$25,972,395, of which \$14,812,502 was from the general fund, for the 2011-13 biennium. Major components of the additional funding are listed below:  |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | \$3,537,858   | \$1,792,790    | \$5,330,648   |
| Adds general fund support as a result of FMAP changes  | \$1,064,982   | (\$1,064,982)  |               |
| Executive budget changes, including funding for 4 percent per year inflationary adjustments for human services providers, increasing the personal care allowance from \$85 to \$100 and a provider 50 cents per hour wage passthrough  | \$3,512,408   | \$1,464,876    | \$4,997,284   |
| 11. Increases funding for service payments for elderly and disabled ( <b>SPED</b> ) and <b>expanded SPED</b> to \$15,860,106, of which \$15,133,442 is from the general fund, compared to the 2011-13 biennium appropriation of \$14,725,212, of which \$14,036,062 was from the general fund. Major changes include:  |               |                |               |
| Reduces funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium  | (\$1,976,563) | (\$110,732)    | (\$2,087,295) |
| Executive budget changes, including funding for 4 percent per year inflationary adjustments for human services providers, expansion of home delivered meals, expansion of personal care services, a provider 50 cents per hour wage passthrough, and a QSP mileage reimbursement   | \$3,073,943   | \$148,246      | \$3,222,189   |
| 12. Increases funding for the <b>home and community-based care waiver</b> to \$12,933,078, of which \$6,444,623 is from the general fund, compared to the 2011-13 biennium appropriation of \$9,538,386, of which \$4,216,157 was from the general fund. Major changes include:  |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | \$802,102     | \$1,009,848    | \$1,811,950   |
| Adds general fund support as a result of FMAP changes  | \$636,730     | (\$636,730)    |               |
| Executive budget changes, including 4 percent per year inflationary adjustments for human services providers   | \$789,634     | \$793,108      | \$1,582,742   |

|  |               |                |               |
|--|---------------|----------------|---------------|
| 13. Increases funding for <b>targeted case management</b> to \$1,735,896, of which \$864,773 is from the general fund, compared to the 2011-13 biennium appropriation of \$1,564,749, of which \$690,422 was from the general fund. Major changes include:   |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | \$32,711      | \$38,801       | \$71,512      |
| Adds general fund support as a result of FMAP changes  | \$91,941      | (\$91,941)     |               |
| Executive budget changes, including 4 percent per year inflationary adjustments for human services providers   | \$49,699      | \$49,936       | \$99,635      |
| 14. Decreases funding for the <b>personal care option</b> to \$27,867,758, of which \$13,884,052 is from the general fund, compared to the 2011-13 biennium appropriation of \$29,149,905, of which \$12,886,305 was from the general fund. Major changes include:                                     |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | (\$1,888,596) | (\$2,375,416)  | (\$4,264,012) |
| Adds general fund support as a result of FMAP changes  | \$1,398,728   | (\$1,398,728)  |               |
| Executive budget changes, including funding for 4 percent per year inflationary adjustments for human services providers   | \$1,487,615   | \$1,494,250    | \$2,981,865   |
| 15. Provides \$502,420,761, of which \$247,016,261 is from the general fund, for <b>developmental disabilities services</b> under the long-term care program compared to the 2011-13 biennium appropriation of \$396,996,033, of which \$174,231,307 was from the general fund. Major changes include: |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | \$27,217,103  | \$36,252,885   | \$63,469,988  |
| Adds general fund support as a result of FMAP changes  | \$24,750,876  | (\$24,767,283) | (\$16,407)    |
| Executive budget changes, including funding for 4 percent per year inflationary adjustments for human services providers, increasing the personal care allowance from \$85 to \$100 and a provider 50 cents per hour wage passthrough  | \$20,816,975  | \$21,154,172   | \$41,971,147  |
| 16. Provides \$71,720,531, of which \$11,764,958 is from the general fund, for <b>foster care services</b> compared to the 2011-13 biennium appropriation of \$66,650,710, of which \$11,922,010 was from the general fund. Major changes include:   |               |                |               |
| Adds funding for cost and caseload/utilization changes, including the cost to continue inflationary increases provided in the 2011-13 biennium   | (\$1,175,577) | \$2,191,101    | \$1,015,524   |
| Adds general fund support as a result of FMAP changes  | \$1,168,800   | (\$1,168,800)  |               |
| Executive budget changes, including 4 percent per year inflationary adjustments for human services providers   | \$806,897     | \$3,247,400    | \$4,054,297   |
| 17. Provides \$24,348,509, of which \$11,156,878 is from the general fund, for subsidized adoption compared to the 2011-13 biennium appropriation of \$20,208,724, of which \$9,159,965 was from the general fund  | \$1,996,913   | \$2,142,872    | \$4,139,785   |
| 18. Increases funding for peer support services  | \$300,000     |                | \$300,000     |
| 19. Increases funding for guardianship services provided by the Aging Services Division  | \$1,000,000   |                | \$1,000,000   |
| 20. Increases funding for payments to Centers for Independent Living for a total of \$2,544,539  | \$800,000     |                | \$800,000     |
| 21. Increases funding to senior services providers for congregate meals  | \$800,000     |                | \$800,000     |

|  |               |               |               |
|--|---------------|---------------|---------------|
| 22. Provides funding for facilitators in each quadrant of the state to act as a resource to patients with a traumatic brain injury   | \$320,000     |               | \$320,000     |
| 23. Provides funding for 2-1-1 services  | \$150,000     |               | \$150,000     |
| 24. Increases funding for Healthy Families to \$750,000  | \$250,000     |               | \$250,000     |
| <b>State Hospital</b>  |               |               |               |
| 1. Reflects the additional state matching funds required due to changes in the state's FMAP  | \$198,045     | (\$198,045)   |               |
| 2. Adjusts funding for program, cost, and caseload/utilization changes   | \$1,026,281   | (\$1,565,110) | (\$538,829)   |
| 3. Provides ongoing funding for extraordinary repairs  | \$910,454     |               | \$910,454     |
| 4. Provides ongoing funding for equipment over \$5,000   | \$251,413     |               | \$251,413     |
| 5. Provides <b>one-time funding</b> for street reconstruction project  | \$864,714     |               | \$864,714     |
| 6. Removes <b>one-time funding</b> provided in the 2011-13 biennium for capital projects (The amount shown does not reflect carryover funding from the 2009-11 biennium of \$62,601.)  | (\$1,800,000) |               | (\$1,800,000) |
| 7. Removes funding provided in the 2011-13 biennium for extraordinary repairs (\$703,650) and equipment over \$5,000 (\$30,000)  | (\$733,650)   |               | (\$733,650)   |
| <b>Developmental Center</b>  |               |               |               |
| 1. Reflects the additional state matching funds required due to changes in the state's FMAP  | \$2,795,330   | (\$2,795,330) |               |
| 2. Adjusts funding for program, cost, and caseload/utilization changes   | (\$2,094,772) | \$2,094,772   |               |
| 3. Provides ongoing funding for extraordinary repairs  | \$601,495     |               | \$601,495     |
| 4. Provides ongoing funding for equipment over \$5,000   | \$152,000     |               | \$152,000     |
| 5. Provides <b>one-time funding</b> for demolition of the Refectory Building (\$240,000) and the Pleasant View Building (\$120,000)  | \$360,000     |               | \$360,000     |
| 6. Removes funding provided in the 2011-13 biennium for extraordinary repairs  | (\$579,469)   |               | (\$579,469)   |
| <b>Human Service Centers</b>   |               |               |               |
| 1. Reflects the additional state matching funds required due to changes in the state's FMAP  | \$2,635,928   | (\$2,635,928) |               |
| 2. Adjusts funding for program, cost, and caseload/utilization changes   | \$2,704,558   | (\$2,446,224) | \$258,334     |
| 3. Removes funding provided in the 2011-13 biennium for extraordinary repairs and equipment over \$5,000   | (\$81,928)    | (\$4,628)     | (\$86,556)    |
| 4. Provides ongoing funding for extraordinary repairs  | \$34,345      |               | \$34,345      |
| 5. Provides ongoing funding for equipment over \$5,000   | \$37,000      |               | \$37,000      |
| 6. Provides for inflationary increases of 4 percent for each year of the 2013-15 biennium  | \$1,616,296   | \$89,496      | \$1,705,792   |
| 7. Provides funding to contract with a vendor for an 8-bed transitional living facility (Lake Region Human Service Center)   | \$401,414     | \$328,326     | \$729,740     |
| 8. Provides funding for temporary staff in several program areas (Southeast Human Service Center)  | \$399,753     | \$5,144       | \$404,897     |
| 9. Provides funding to contract with a vendor for a 16-bed transitional living facility to support individuals with serious mental illness and chronic addiction (Southeast Human Service Center)  | \$975,000     | \$325,000     | \$1,300,000   |
| 10. Provides funding for additional FTE positions for providing developmental disabilities case management services (Southeast Human Service Center) (The department is to provide the FTE positions from within the department's authorized FTE level.) | \$137,341     | \$103,611     | \$240,952     |

|   |           |           |           |
|---|-----------|-----------|-----------|
| 11. Provides funding to support 1 FTE position for the partnership program and to convert 3 temporary employees to FTE positions for the mental illness case management services (Southeast Human Service Center) (The department is to provide the FTE positions from within the department's authorized FTE level.) | \$222,649 |           | \$222,649 |
| 12. Provides funding to increase short-term crisis residential bed capacity (West Central Human Service Center)   | \$324,156 |           | \$324,156 |
| 13. Provides funding to increase long-term crisis residential bed capacity (West Central Human Service Center)  | \$407,041 | \$361,759 | \$769,700 |
| 14. Provides funding to expand contracts for medical detox services (Badlands Human Service Center)   | \$30,000  |           | \$30,000  |

### Other Sections in Bill

**Appropriation** - Section 3 appropriates any federal funds from the Affordable Care Act available to the Department of Human Services for implementing the provisions for the Medicaid expansion for the 2013-15 biennium.

**Transfers** - Section 4 provides that the Department of Human Services may transfer appropriation authority between line items within each subdivision and between subdivisions for the 2013-15 biennium. The department is to report to the Budget Section after June 30, 2014, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 63<sup>rd</sup> Legislative Assembly any transfers made.

**Medicaid management information system replacement project** - Section 5 provides for the continuation of the legislative appropriation for the Medicaid management information system replacement project in the 2013-15 biennium.

**Medicaid upper payment limits** - Section 6 provides that any appropriated increase for human service providers paid with Medicaid funding may only be provided to the extent the increase does not exceed the upper payment limit for that specific Medicaid service.

**Rural health clinics** - Section 7 provides that the Department of Human Services is to rebase rural health clinics to Medicare rates. Future increases are to be based on approved inflationary increases.

**Expanded SPED eligibility** - Section 8 amends North Dakota Century Code Section 50-24.7-01(6) relating to definitions for Expanded SPED.

### Continuing Appropriations

**Child support collection and disbursement** - Section 14-09-25 - Allows the department to receive child support payments and provide the funds to the custodial parent or appropriate governmental entity for those custodial parents receiving governmental assistance

**Child support improvement account** - Section 50-09-15.1 - Allows the department to receive federal child support incentive funds and spend the funds in accordance with its business plan to improve the child support collection process

**Child support cooperative agreements** - Section 50-09-33 - Allows the department to accept federal funds and other income generated by the department under a cooperative agreement with an Indian tribe for child support enforcement services for hiring staff and payment of other expenses as necessary for carrying out the department's duties under the agreement

### Significant Audit Findings

The operational audit for the Department of Human Services conducted by the State Auditor's office during the 2011-12 interim identified the following significant audit findings:

- Control/fraud risk assessment not completed
- Inadequate controls surrounding revenue collections at various human service centers and the State Hospital
- Lack of internal controls at the State Hospital's commissary
- Financial reporting errors for the state's comprehensive annual financial report (CAFR)
- Lack of child care assistance controls

### Major Related Legislation

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

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

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

**House Bill No. 1039** - Provides an appropriation of \$4.5 million from the general fund to the Department of Human Services to administer a voucher system for autism spectrum disorder services and support for the 2013-15 biennium. The department is to allocate up to \$30,000 per year to each individual enrolled in the voucher program for paying costs of eligible services.

**House Bill No. 1090** - Relates to claims against the estates of recipients or patients receiving benefits or services from the department

**Senate Bill No. 2068** - Allows the department to convert residential child care facility bed capacity to psychiatric residential treatment facility bed capacity

**Senate Bill No. 2069** - Changes the name of the developmental center in Grafton to the Life Skills and Transition Center

**Senate Bill No. 2081** - Prohibits the department from making payment under Chapter 50-24.1 for medical assistance for gestational carriers for another person or couple

**Senate Bill No. 2109** - Relates to eligibility determination for the children's health insurance program