

**Department of Human Services**

**Budget No. 325**

**Senate Bill Nos. 2012, 2015, 2024, 2057, 2163, 2298, House Bill Nos. 1152, 1199, 1325**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2011-13 executive budget (bills as introduced)	2,196.35	\$927,363,658	\$1,683,661,250	\$2,611,024,908
<b>2011-13 legislative appropriations</b>	<b>2,189.35</b>	<b>932,025,219</b>	<b>1,673,400,832</b>	<b>2,605,426,051</b>
Legislative increase (decrease) to executive budget	(7.00)	\$4,661,561	(\$10,260,418)	(\$5,598,857)
Legislative increase (decrease) to 2009-11 appropriations	(27.53)	\$279,879,405	\$35,150,695	\$315,030,100

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
2009-11 legislative appropriations	\$647,849,516	\$4,296,298	\$652,145,814
<b>2011-13 legislative appropriations</b>	<b>926,973,799</b>	<b>5,051,420</b>	<b>932,025,219</b>
2011-13 legislative increase (decrease) to 2009-11 appropriations	\$279,124,283	\$755,122	\$279,879,405
Percentage increase (decrease) to 2009-11 appropriations	43.1%	17.6%	42.9%
2011-13 legislative increase (decrease) to executive budget	\$1,410,141	\$3,251,420	\$4,661,561
Percentage increase (decrease) to executive budget	0.2%	180.6%	0.5%

**SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS**

**Salaries and Wages**

The legislative action affecting the recommended appropriation for the Department of Human Services is in accordance with legislative salary and fringe benefits guidelines as contained in Senate Bill No. 2015.

	<b>Major Items</b>	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:					
<b>Management</b>					
<b>Administration and Support</b>					
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.			(\$31,930)		(\$31,930)
Reduced funding for operating expenses (departmentwide reduction).			(16,275)		(16,275)
Reduced funding for operating expenses (division-specific reduction).			(102,300)		(102,300)

**Information Technology Services**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(23,338)		(23,338)
Reduced funding for operating expenses (departmentwide reduction).		(134,672)		(134,672)
Reduced funding for operating expenses (division-specific reduction).		(120,473)		(120,473)
Added funding for activities relating to the eligibility system replacement project.		25,000	\$225,000	250,000
Added funding for completing the Medicaid management information system (MMIS) replacement project (Senate Bill No. 2015).		1,474,362		1,474,362
Added funding for modifications to MMIS and eligibility systems to process claims from Medicaid providers on behalf of inmates of county jails (Senate Bill No. 2024).		185,256	36,162	221,418
Subtotal - Management changes	0.00	\$1,255,630	\$261,162	\$1,516,792

**Program and Policy****Economic Assistance**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(12,054)		(12,054)
Removed position and funding added in the executive budget relating to health care reform.	(1.00)	(17,805)		(17,805)

**Child Support**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(36,574)		(36,574)
Removed position and funding added in the executive budget relating to health care reform.	(1.00)	(62,714)	(121,742)	(184,456)

**Medical Services**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(24,105)		(24,105)
Reduced funding for operating expenses (departmentwide reduction).		(180,116)		(180,116)
Reduced funding for the state children's health insurance program to reflect a revised premium amount.		(42,989)	(95,928)	(138,917)
Removed positions and funding added in the executive budget relating to health care reform.	(5.00)	(144,988)	(183,846)	(328,834)
Decreased funding for medical services to reduce projected caseload/utilization rates.		(2,739,780)	(3,460,220)	(6,200,000)
Removed funding included in the executive budget for a 3 percent per year inflationary adjustment for physicians.		(2,065,704)	(2,634,500)	(4,700,204)

Added one-time funding from the health care trust fund for a grant to a hospital in a city that has a government nursing facility which participated in the intergovernmental transfer payment program.		200,000	200,000
Added one-time funding for providing Medicaid supplemental payments to critical access hospitals (House Bill No. 1152).	1,527,802	1,926,259	3,454,061
<b>Long-Term Care</b>			
Added funding for long-term care expenditures. The executive budget allowed the department to continue unspent general fund appropriations for the 2009-11 biennium and utilize unexpended funding in the 2011-13 biennium. The Legislative Assembly removed the exemption for the carryover of general fund authority, required the department to turn back any unexpended general fund authority from the 2009-11 biennium, and appropriated funds from the general fund for the 2011-13 biennium.	12,800,000		12,800,000
Added funding relating to changes in allowable education expenditures in nursing facility rates provided for in House Bill No. 1169.	56,423	70,085	126,508
Decreased funding for long-term care services to reduce projected caseload/utilization rates.	(6,716,880)	(8,483,120)	(15,200,000)
Added one-time funding from the health care trust fund for a grant to a government nursing facility which participated in the intergovernmental transfer payment program.		200,000	200,000
Added funding of which \$546,786 was from the health care trust fund and \$679,193 was from federal funds for increased payments to basic care and nursing facilities due to establishment of a bed layaway program (House Bill No. 1325).		1,225,979	1,225,979
<b>Aging Services</b>			
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(5,263)		(5,263)
Reduced funding for operating expenses (departmentwide reduction).	(17,231)		(17,231)
Removed funding included in the executive budget for a grant to the Silver Haired Legislative Assembly.	(10,000)		(10,000)
Added funding for guardianship program enhancements (House Bill No. 1199).	64,000		64,000

**Children and Family Services**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(5,697)		(5,697)
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Added funding for providing grants to child care providers for workforce development, quality improvement, technical assistance, and capacity building as provided for in North Dakota Century Code Section 50-11.1-14.1 (Senate Bill No. 2057).	3,100,000		3,100,000
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Added funding for early childhood services inclusion support services and grant program (Senate Bill No. 2298).	50,000		50,000
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**Mental Health and Substance Abuse Program**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(6,240)		(6,240)
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Reduced funding for operating expenses (departmentwide reduction).	(26,706)		(26,706)
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Added funding for providing traumatic brain injury case management services in eastern North Dakota (Senate Bill No. 2163).	110,000		110,000
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**Developmental Disabilities Division**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(2,804)		(2,804)
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Added funding for expenses associated with implementing the developmental disabilities system reimbursement project provided for in Senate Bill No. 2043.	887,500	887,500	1,775,000
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Increased funding for petitioning costs for indigent people with developmental disabilities.	21,970		21,970
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**Vocational Rehabilitation**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	(1,995)		(1,995)
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Subtotal - Program and Policy changes	(7.00)	\$6,498,050	(\$10,469,533)	(\$3,971,483)
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**State Hospital**

Reduced funding for operating expenses (division-specific reduction).	0.00	(\$250,000)	\$0	(\$250,000)
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**Developmental Center**

The Legislative Assembly did not change the executive recommendation for Workforce Safety and Insurance.

**Human Service Centers****Northwest**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.	0.00	(\$74,500)	\$0	(\$74,500)
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**North Central**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(70,740)		(70,740)
Reduced funding for operating expenses (departmentwide reduction).		(16,257)		(16,257)
Removed funding added in the executive budget for contracting for beds in a crisis stabilization unit for the seriously mentally ill.		(1,444,661)		(1,444,661)
Subtotal - North Central Human Service Center	<u>0.00</u>	<u>(\$1,531,658)</u>	<u>\$0</u>	<u>(\$1,531,658)</u>

**Lake Region**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(75,320)		(75,320)
Reduced funding for operating expenses (departmentwide reduction).		(8,628)		(8,628)
Reduced funding for temporary salaries.		(37,930)	(52,047)	(89,977)
Subtotal - Lake Region Human Service Center	<u>0.00</u>	<u>(\$121,878)</u>	<u>(\$52,047)</u>	<u>(\$173,925)</u>

**Northeast**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(72,720)		(72,720)
Reduced funding for operating expenses (departmentwide reduction).		(20,439)		(20,439)
Subtotal - Northeast Human Service Center	<u>0.00</u>	<u>(\$93,159)</u>	<u>\$0</u>	<u>(\$93,159)</u>

**Southeast**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(92,100)		(92,100)
Reduced funding for operating expenses (departmentwide reduction).		(14,086)		(14,086)
Remove funding added in the department's base budget for additional staff at the Cooper House.		(350,400)		(350,400)
Subtotal - Southeast Human Service Center	<u>0.00</u>	<u>(\$456,586)</u>	<u>\$0</u>	<u>(\$456,586)</u>

**South Central**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(84,020)		(84,020)
Reduced funding for operating expenses (departmentwide reduction).		(10,668)		(10,668)
Subtotal - South Central Human Service Center	<u>0.00</u>	<u>(\$94,688)</u>	<u>\$0</u>	<u>(\$94,688)</u>

**West Central**

Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(61,420)		(61,420)
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Reduced funding for operating expenses (departmentwide reduction).		(17,502)		(17,502)
Removed funding included in the executive budget for expanding residential adult crisis bed capacity from 10 beds to 14 beds.		(309,128)		(309,128)
Subtotal - West Central Human Service Center	0.00	(\$388,050)	\$0	(\$388,050)
<b>Badlands</b>				
Reduced funding for salaries and wages for anticipated savings from vacant positions and employee turnover.		(69,180)		(69,180)
Reduced funding for operating expenses (departmentwide reduction).		(12,420)		(12,420)
Subtotal - Badlands Human Service Center	0.00	(\$81,600)	\$0	(\$81,600)
Total	(7.00)	\$4,661,561	(\$10,260,418)	(\$5,598,857)

#### FTE Changes

The 2011-13 biennium appropriation includes funding for 2,189.35 FTE positions, a decrease of 27.53 FTE positions from the 2009-11 biennium authorized level of 2,216.88. The following table summarizes FTE position changes included in the 2011-13 executive budget and the legislative appropriation:

Position	Executive Budget FTE Changes	Legislative Appropriation FTE Changes	Legislative Appropriation Increase (Decrease) From Executive Budget
Central office			
Data entry positions (information technology services)	3.00	3.00	0.00
Health information technology coordinator (information technology services)	1.00	1.00	0.00
Policy trainer (economic assistance policy)	1.00	0.00	(1.00)
Attorney (child support)	1.00	0.00	(1.00)
Claims analyst (medical services)	1.00	1.00	0.00
Eligibility policy (medical services)	1.00	0.00	(1.00)
Program integrity (medical services)	1.00	0.00	(1.00)
Nurse (medical services)	1.00	0.00	(1.00)
Surveillance and Utilization Review System analyst (medical services)	1.00	0.00	(1.00)
Administrative support (medical services)	1.00	0.00	(1.00)
Prevention coordinator (mental health and substance abuse)	6.00	6.00	0.00
State Hospital			
Pharmacist	1.00	1.00	0.00
Developmental Center			
Positions not requested by the agency	(40.53)	(40.53)	0.00
Human service centers			
Psychiatrist (North Central Human Service Center)	1.00	1.00	0.00
Total	(20.53)	(27.53)	(7.00)

### One-Time Funding

In Section 2 of Senate Bill No. 2012, the Legislative Assembly identified \$2,719,175 of one-time funding, of which \$1.8 million is from the general fund and \$919,175 is from special funds. The \$1.8 million from the general fund is for capital projects at the State Hospital, and the special funds of \$919,175 consist of \$519,175 of federal fiscal stimulus funds for completion of vocational rehabilitation training and information technology contracts and \$400,000 of funding from the health care trust fund for supplemental payments to entities associated with the intergovernmental transfer payment program. The Legislative Assembly also provided one-time funding in other bills for Medicaid supplemental payments to hospitals, guardianship program enhancements, completion of the MMIS replacement project, and computer system modifications. These items, summarized as follows, are not to be considered part of the agency's base budget for preparing the 2013-15 executive budget, and the Department of Human Services is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

	General Fund	Special Funds	Total
State Hospital capital projects (SB 2012)	\$1,800,000		\$1,800,000
Federal fiscal stimulus funds (SB 2012)		\$519,175	519,175
Supplemental payments to entities associated with the intergovernmental transfer payment program (health care trust fund) (SB 2012)		400,000	400,000
Medicaid supplemental payments to critical access hospitals (HB 1152)	1,527,802	1,926,259	3,454,061
Guardianship program enhancements (HB 1199)	64,000		64,000
Completion of the MMIS replacement project (SB 2015)	1,474,362		1,474,362
Computer system modifications to process claims from Medicaid providers on behalf of inmates of county jails (SB 2024)	185,256	36,162	221,418
<b>Total</b>	<b>\$5,051,420</b>	<b>\$2,881,596</b>	<b>\$7,933,016</b>

### Federal Fiscal Stimulus Funding

The Legislative Assembly did not change the executive recommendation to provide for the continuation of \$519,175 of federal fiscal stimulus funding not expended in the 2009-11 biennium. The funding relates to completion of vocational rehabilitation training and information technology contracts. This funding is not to be considered part of the agency's base budget for the 2013-15 biennium, and the Department of Human Services is to report to the Appropriations Committees during the 2013 legislative session on the use of this funding.

### Other Sections in Senate Bill No. 2012

**Transfer authority** - Section 3 authorizes the Department of Human Services to transfer appropriation authority between line items within each subdivision and between subdivisions of the department. The department is to report to the Budget Section after June 30, 2012, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2011 Legislative Assembly regarding any transfers made.

**Exemption** - Section 4 provides for the continuation of the 2007-09 legislative appropriation for the MMIS replacement project in the 2011-13 biennium.

**General fund transfer to budget stabilization fund** - Section 5 provides that notwithstanding Section 54-27.2-02, the State Treasurer and the Office of Management and Budget (OMB) may not include in the amount used to determine general fund transfers to the budget stabilization fund at the end of the 2009-11 biennium under Chapter 54-27.2 any general fund amounts resulting from the increased federal share of medical assistance payments resulting from the American Recovery and Reinvestment Act of 2009 and H.R.1586. The State Treasurer and OMB are to separately account for these amounts and use these amounts to defray the expenses of continuing program costs of the Department of Human Services from the general fund for the 2011-13 biennium, including \$23,451,104 for inflationary increases for human services providers.

**Dementia care services program** - Section 6 provides that the Department of Human Services is to periodically report to the Legislative Management during the 2011-12 interim regarding the status of the dementia care services program. The reports must include information on budgeted and actual program expenditures, program services, and program outcomes.

**Risk behavior prevention grants** - Section 7 provides that the Department of Human Services use \$250,000 of federal funding appropriated for the Mental Health and Substance Abuse Services Division for the 2011-13 biennium for providing grants to support a statewide school and community-based youth network dedicated to implementing risk behavior prevention efforts. The department is to require an entity receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided.

**Developmental disabilities grants** - Section 8 provides legislative intent that the Department of Human Services use any anticipated unexpended appropriation authority relating to developmental disabilities grants resulting from caseload or cost changes during the 2011-13 biennium for costs associated with transitioning individuals from the Developmental Center to communities during the 2011-13 biennium.

**Legislative Management study - Qualified service provider system** - Section 9 provides for a Legislative Management study and evaluation of the state's qualified service provider system.

**Health care trust fund** - Section 10 identifies \$400,000 of the Department of Human Services' other funds appropriation as being from the health care trust fund. The department is to provide a \$200,000 one-time grant to the government nursing facility that participated in the intergovernmental transfer payment program in a city with a population of more than 600 according to the 2000 census and a \$200,000 one-time grant to the hospital in a city with a population of less than 500 according to the 2000 census which also has a government nursing facility that participated in the intergovernmental transfer payment program.

#### **Related Legislation**

**Developmental disabilities service providers payment system** - Senate Bill No. 2043 provides that the Department of Human Services, in conjunction with developmental disabilities service providers, implement a prospective or related payment system with an independent rate model utilizing the support intensity scale for developmental disabilities service providers.

**Pre-need funeral service contracts** - Senate Bill No. 2075 relates to excess assets in pre-need funeral service contracts.

**Developmentally disabled facility loan program** - Senate Bill No. 2121 repeals Chapter 6-09.6 relating to the developmentally disabled facility loan program and provides that the Department of Human Services sell the remaining loans in the program to the Bank of North Dakota. Any proceeds from the sale of the loans are to be deposited in the common schools trust fund.

**Traumatic brain injury services** - Senate Bill No. 2163 appropriates \$110,000 to the Department of Human Services for providing traumatic brain injury case management services in eastern North Dakota.

**Senior citizen services and programs fund** - Senate Bill No. 2242 increases the amount of state general fund revenue to be allocated to the senior citizen services and programs fund from two-thirds of one mill levied statewide to three-fourths of one mill levied statewide effective for taxable years beginning after December 31, 2010. The bill also increases the amount of grants provided to counties that have approved a mill levy for senior citizen services and programs fund from two-thirds of the amount levied in the county for senior citizen programs to three-fourths of the amount levied in the county for senior citizen programs, limited to one mill.

**Early childhood services** - Senate Bill No. 2298 provides that the Department of Human Services establish an early childhood services inclusion support services and grant program for licensed early childhood services providers who care for children with special needs. The bill appropriates \$50,000 from the general fund to the department for inclusion support services and provides legislative intent that the funding source for the grant program be the funding appropriated to the Department of Commerce for the Department of Commerce's early childhood facilities program.

**Pilot voucher payment program** - Senate Bill No. 2326 requires the Department of Human Services to establish a substance abuse services pilot voucher payment program.



**Long-term care bed capacity** - House Bill No. 1040 extends the moratorium on the state's licensed basic care bed capacity and the state's nursing facility bed capacity from July 31, 2011, to July 31, 2013.

**Supplemental payments to critical access hospitals** - House Bill No. 1152 appropriates \$3,454,061, of which \$1,527,802 is from the general fund, to the Department of Human Services for supplemental payments to critical access hospitals. This funding is considered to be one-time funding for the 2011-13 biennium.

**Nursing facility rates** - House Bill No. 1169 increases the allowable annual education expenditures used in nursing facility rates.

**Guardianship services** - House Bill No. 1199 appropriates \$64,000 from the general fund to the Department of Human Services for guardianship program enhancements for the 2011-13 biennium. This funding is considered one-time funding and is not considered to be base funding for the 2013-15 biennium. The bill also provides for a Legislative Management study of guardianship services for vulnerable adults in the state.

**Medical assistance eligibility** - House Bill No. 1320 allows a deduction from income claimed for medical assistance eligibility for real estate taxes paid on rental property for individuals screened as requiring nursing facility care.

**Long-term care bed layaway program** - House Bill No. 1325 extends the moratorium on the state's licensed basic care bed capacity and the state's nursing facility bed capacity from July 31, 2011, to July 31, 2013, and creates a 24-month bed layaway program for up to 25 percent of a nursing facility's bed capacity. The bill appropriates \$1,225,979 of other funds, including \$546,786 of funding from the health care trust fund and \$679,193 of federal funds, to the Department of Human Services for increased payments to basic care and nursing facilities due to establishment of a bed layaway program.

**Sale of land** - House Bill No. 1337 authorizes the Department of Human Services to sell land at the Developmental Center to the Grafton Park Board.

**Caseloads and program utilization** - Senate Concurrent Resolution No. 4020 directs the Legislative Management to study the causes of increases in the Department of Human Services caseloads and program utilization and the impact of federal health care reform.