

**Department of Human Services  
Budget No. 325  
Senate Bill No. 2012**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2019-21 legislative appropriation	2,230.23	\$1,462,663,487 <sup>1</sup>	\$2,644,160,504	\$4,106,823,991
2017-19 legislative appropriation	<u>2,162.23</u>	<u>1,339,231,350</u>	<u>2,573,880,782</u>	<u>3,913,112,132</u>
2019-21 appropriation increase (decrease) to 2017-19 appropriation	68.00	\$123,432,137	\$70,279,722	\$193,711,859

<sup>1</sup>This amount includes \$1,512,603 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,461,150,884.

**Item Description**

**FTE changes** - The 2019-21 biennium appropriation for DHS includes funding for 2,230.23 FTE positions, an increase of 68 FTE positions from the 2017-19 biennium authorized level of 2,162.23. The following is a summary of the FTE position changes:

Description	FTE Positions
Transferred to ITD for the IT unification initiative	(48.00)
Administration of Medicaid Expansion pharmacy services	2.00
Medicaid reimbursement for peer support services	0.50
Administration of 1915(i) plan waiver for children and adults	3.00
Administration of expanded home- and community-based services waiver for residential services	1.00
Estimated increase in service payments for the elderly and disabled (SPED) program participation	1.00
Aging and Disability Resource Link intake services	5.00
Suicide prevention program transferred from the State Department of Health	1.00
Expand free through recovery program	6.00
Substance use disorder voucher program expansion	2.00
Certification of peer support specialists	1.00
Vocational rehabilitation cooperative disability unit	1.00
Crisis services expansion	27.00
Life Skills and Transition Center (LSTC) Clinical Assistance, Resources, and Evaluation Service team expansion	7.50
County employees that may be transferred to DHS as a result of the county social and human service project	140.00
Removed as requested in DHS's savings plan	(82.00)
<b>Total</b>	<b>68.00</b>

**Status/Result**

The following is the status of the FTE position changes:

- IT unification - The positions have been transferred to ITD.
- Administration of Medicaid Expansion pharmacy services - The positions have been filled.
- Medicaid reimbursement for peer support services - The position has been filled.
- Administration of 1915(i) plan waiver - Two of the positions have been filled and DHS is in the process of filling the remaining position.
- Expanded home- and community-based services - The position has been filled.
- SPED position - The position has been filled.
- Aging and Disability Resource Link - The department anticipates the positions will be filled in August 2020.
- Suicide prevention program - The position has been transferred from the State Department of Health to DHS.
- Free through recovery program - One position has been filled and DHS anticipates filling the remaining positions before the end of the biennium.
- Substance use disorder voucher program - The position has been filled.
- Certification of peer support specialists - The position has been filled.
- Vocational rehabilitation cooperative disability unit - The position has been filled.
- Crisis services - The regional human service centers continue to fill positions related to the expansion of crisis services in all regions of the state.
- Clinical Assistance, Resources, and Evaluation Service team expansion - LSTC is in the process of filling the positions.
- County social and human services employee transfers - A total of 112 positions have been transferred to date. See the **County social and human services program** section below for additional information.
- Department savings plan reductions - The positions have been removed.

**One-time funding** - In Senate Bill No. 2012 the Legislative Assembly identified the following one-time funding items for DHS:

	General Fund	Other Funds	Total
Child welfare technology project (\$575,000 from the strategic investment and improvements fund)		\$1,250,000	\$1,250,000
Medicaid management information system (MMIS) technology stack upgrade (\$1,776,000 from the strategic investment and improvements fund)		7,104,000	7,104,000
Self-service portal and combined eligibility system (SPACES) program support (\$2,369,030 from the strategic investment and improvements fund)		5,431,658	5,431,658
Medically complex children provider funding adjustment	\$977,603		977,603
Hyperbaric oxygen therapy pilot program grant	335,000		335,000
LSTC remodeling projects (\$3,361,595 from the strategic investment and improvements fund)		3,361,595	3,361,595
LSTC building demolition (\$915,570 from the strategic investment and improvements fund)		915,570	915,570
State Hospital roof replacement (\$562,500 from the strategic investment and improvements fund)		562,500	562,500
State Hospital coal boiler replacement (\$1,931,000 from the strategic investment and improvements fund)		1,931,000	1,931,000
Study of State Hospital services	200,000		200,000
<b>Total</b>	<b>\$1,512,603</b>	<b>\$20,556,323</b>	<b>\$22,068,926</b>

**Federal medical assistance percentage** - The Legislative Assembly anticipated the following federal medical assistance percentages (FMAP) in developing DHS's 2019-21 biennium budget:

Federal Fiscal Year	North Dakota's FMAP
2019	50.00% (actual)
2020	50.05% (estimate)
2021	52.66% (estimate)

The FMAP determines the state and federal share of Medicaid, foster care, and other program costs within DHS.

The following is the status of the one-time funding items:

- Child welfare technology project - The project has not begun. The department is reviewing options to replace this and other related software systems with a more efficient unified platform.
- MMIS stack upgrade - The upgrade is anticipated to begin in the summer of 2020.
- SPACES program support - The SPACES project began in 2015 and the first phase of the system went live in February 2016. The funding received in the 2019-21 biennium is being used to support maintenance and operations of the program.
- Medically complex children provider funding adjustment - The funding adjustment was provided to the affected provider in August 2019.
- Hyperbaric oxygen therapy pilot program grant - The grant has not been awarded.
- LSTC remodeling projects - The funding is being used to remodel kitchen and living areas in eight residential living areas. The project is anticipated to be completed in the fall of 2020.
- LSTC building demolition - LSTC is working with an architect to develop plans to demolish two buildings.
- State Hospital roof replacement - The roof replacement project is anticipated to occur in the fall of 2020.
- State Hospital coal boiler replacement - The coal boiler was replaced with a natural gas boiler. The State Hospital is awaiting an expansion of natural gas lines to the facility before commissioning the boiler.
- Study of State Hospital services - See the **State Hospital study** section below.

Actual FMAPs since 2012 are:

Federal Fiscal Year	North Dakota's FMAP	COVID-19 Temporary FMAP
2012	55.40% (actual)	N/A
2013	52.27% (actual)	N/A
2014	50.00% (actual)	N/A
2015	50.00% (actual)	N/A
2016	50.00% (actual)	N/A
2017	50.00% (actual)	N/A
2018	50.00% (actual)	N/A

2019	50.00% (actual)	N/A
2020	50.05% (actual)	56.25% (actual) <sup>1</sup>

<sup>1</sup> The federal Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates. In April 2020, the Budget Section authorized DHS to receive and expend \$30 million of additional federal funds resulting from the temporary FMAP change. In May 2020, the Budget Section authorized DHS to receive and expend an additional \$1 million of federal funds resulting from the temporary FMAP change.

**Medical services grants** - The Legislative Assembly appropriated \$1,347,274,889 for medical services grants for the 2019-21 biennium, of which \$292,112,383 is from the general fund, \$959,088,489 is from federal funds, and \$96,074,017 is from other funds.

Through March 2020, DHS has spent a total of \$423,632,143, of which \$108,285,698 is from the general fund, for medical services grants. The department anticipates spending \$1,280,645,457 for medical services grants for the 2019-21 biennium, which is \$66,629,432 less than estimated.

The schedule below compares budgeted to actual costs for selected medical services grants through March 2020.

	Program Spending Through March 2020		
	Budget <sup>1</sup>	Actual	Variance
Inpatient hospital	\$62,318,607	\$52,037,383	\$10,281,224
Outpatient hospital	\$32,529,520	\$29,461,412	\$3,068,108
Physician services	\$32,216,692	\$28,020,568	\$4,196,124
Drugs	\$14,561,023	\$12,715,617	\$1,845,406
Dental services	\$9,471,302	\$9,126,522	\$344,780

<sup>1</sup>The amounts shown do not reflect estimated overall medical services grants underfunding of \$8 million.

Medical services grants also include Medicaid Expansion and the children's health insurance program (CHIP). Please see below for detail regarding these programs.

**Medicaid Expansion** - The Legislative Assembly appropriated \$634,720,955, of which \$65,319,974 is from the general fund, to continue the Medicaid Expansion program during the 2019-21 biennium. Part of the funding is to offset a reduction in federal funding as a result of the decrease in the federal matching percentage for the program. The schedule below presents the reduction in federal matching for Medicaid Expansion.

The Department of Human Services has spent a total of \$214,164,203, of which \$21,647,153 is from the general fund, for Medicaid Expansion through March 2020. The department anticipates spending a total of \$579.6 million for Medicaid Expansion for the 2019-21 biennium.

Calendar Year	Percentage of Medicaid Expansion Paid by Federal Government
2016	100%
2017	95%
2018	94%
2019	93%
After 2019	90%

**Healthy Steps program** - The Legislative Assembly appropriated \$12,821,689, of which \$3,225,725 is from the general fund, for the Healthy

The Department of Human Services has spent a total of \$3,823,005, of which \$681,936 is from the general fund, for the Healthy Steps program through March

Steps program (children's health insurance program) for the 2019-21 biennium.

**Temporary assistance for needy families** - The Legislative Assembly appropriated \$7,623,000 for the temporary assistance for needy families program for the 2019-21 biennium.

**Long-term care** - The Legislative Assembly appropriated \$736,510,531 for long-term care services for the 2019-21 biennium, of which \$376,714,731 is from the general fund, \$356,199,438 is from federal funds, and \$3,596,362 is from other funds.

2020. The department anticipates spending \$12,061,794, or \$759,895 less than estimated, on the program during the 2019-21 biennium.

The state reached the FMAP minimum for CHIP of 65 percent on October 1, 2013, and continued until September 30, 2015. Provisions in the federal Affordable Care Act allowed the state to be eligible for an additional 23 percent federal match increase; therefore, the FMAP for CHIP was 88 percent. The 23 percent FMAP adjustment for CHIP continued through federal fiscal year 2019, after which the FMAP rate was reduced to 65.04 percent. The federal Families First Coronavirus Response Act temporarily increases the FMAP for CHIP by 4.34 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates. Therefore, the current FMAP rate for CHIP is 69.38 percent.

As of March 2020, DHS anticipates spending \$6,806,750 for the 2019-21 biennium, which is \$816,250 less than estimated. The schedule below compares budgeted to actual cases and costs for the program through March 2020.

	Temporary Assistance for Needy Families		
	Budget	Actual	Variance
Cases per month	1,105	945	160
Average cost per case	\$287	\$298	(\$11)
Total program spending	\$2,848,725	\$2,531,000	\$317,725

As of March 2020, DHS anticipates spending \$732,701,343 for long-term care services during the 2019-21 biennium which is \$3,809,188 less than estimated.

The following schedules compare budgeted to actual cases and costs for long-term care programs through March 2020:

	Nursing Homes		
	Budget	Actual	Variance
Bed days per month	95,155	93,552	1,603
Cost per unit	\$247	\$244	\$3
Total program spending	\$187,741,522	\$182,592,113	\$5,149,409

	Basic Care		
	Budget	Actual	Variance
Bed days per month	22,280	23,321	(1,041)
Cost per unit	\$90	\$92	(\$2)
Total program spending	\$16,005,862	\$17,101,074	(\$1,095,212)

	Home- and Community-Based Services		
	Budget	Actual	Variance
Monthly average number of persons receiving service	3,124	2,908	216
Monthly average cost per person	\$1,364	\$1,286	\$78
Total program spending	\$34,075,060	\$29,925,882	\$4,149,178

**Developmental disabilities** - The Legislative Assembly appropriated \$658,889,922 for developmental disability grants for the 2019-21 biennium. Of this amount, \$319,198,435 is from the general fund.

Through March 2020, DHS spent \$214,820,708 for developmental disabilities grants during the 2019-21 biennium which is \$754,387 more than estimated. The department anticipates spending \$669,300,013 for developmental disabilities grants for the 2019-21 biennium, which is \$10,410,091 more than estimated.

The following schedules compare budget to actual persons served and costs for selected developmental disability programs through March 2020:

	Intermediate Care Facility for Intellectually Disabled		
	Budget	Actual	Variance
Monthly average number of persons receiving service	334	426	(92)
Monthly average cost per person	\$24,392	\$19,072	\$5,320
Total program spending	\$65,175,661	\$64,976,838	\$198,823

	Day Supports		
	Budget	Actual	Variance
Monthly average number of persons receiving service	1,444	1,138	306
Monthly average cost per person	\$3,460	\$2,724	\$736
Total program spending	\$39,978,149	\$24,807,743	\$15,170,406

**Medicaid 1915(i) plan amendment** - Section 43 of Senate Bill No. 2012 provides for DHS to implement and manage a 1915(i) Medicaid plan amendment for children and adults.

The department held meetings across the state to gather input on the proposed amendment. Based on the input received, DHS drafted the amendment and received public comment. The final amendment was submitted to the Centers for Medicare and Medicaid Services in April 2020.

**Medicaid Expansion pharmacy benefits administration** - Section 8 of Senate Bill No. 2012 provides for DHS to administer pharmacy benefits for the Medicaid Expansion program effective January 1, 2020.

The transition for DHS to administer Medicaid Expansion pharmacy benefits occurred on January 1, 2020. Two FTE positions that were added for the administration of benefits have been filled.

**State Hospital study** - Section 18 of Senate Bill No. 2012 requires DHS to develop a statewide plan to address acute psychiatric and residential care needs.

The department contracted with the Human Services Research Institute to conduct a study of the State Hospital. The final report will be presented to the interim Human Services Committee prior to July 1, 2020.

**Conveyance of State Hospital buildings** - Section 33 of Senate Bill No. 2012 authorizes DHS to convey the nursing residence and Tompkins buildings at the State Hospital to the Department of Corrections and Rehabilitation (DOCR).

The buildings were transferred to DOCR in July 2019.

**Nursing facility payment methodology** - Section 19 of Senate Bill No. 2012 requires DHS to develop an implementation plan for a revised payment methodology for nursing facility services.

The department convened a committee that includes representatives of the nursing home industry that is reviewing nursing home payment methodology. The committee met monthly through March 2020 and is developing a pricing model and alternative quality strategy. The committee is not currently meeting due to COVID-19 but DHS anticipates a final committee recommendation will be available prior to October 2020.

**Hyperbaric oxygen therapy grant** - The Legislative Assembly appropriated \$335,000 from the general fund to DHS to provide a grant for a hyperbaric oxygen therapy pilot program.

**School behavioral health grants** - The Legislative Assembly appropriated \$1.5 million from the general fund to DHS to provide behavioral health grants to schools during the 2019-21 biennium.

**Certification of peer support specialists** - Section 3 of Senate Bill No. 2012 authorizes DHS to establish and implement a program for the certification of peer support specialists.

**County social and human services program** - Senate Bill No. 2124 (2019) provides for the delivery of social services from human service zones rather than counties. The bill authorizes the transfer of 140 employees from counties to DHS. Senate Bill No. 2015 (2019) transferred \$173.7 million from the tax relief fund to the human service finance fund and Senate Bill No. 2012 appropriated the funds to DHS for payments to human service zones.

**Permanent supportive housing grants** - The Legislative Assembly appropriated \$925,000 from the general fund for permanent supportive housing grants in the northeast and southeast human service regions.

The grant has not yet been awarded but DHS is negotiating a contract with the Dakota Medical Foundation for the grant.

The Behavioral Health Division has been working with educational stakeholders to develop grant guidance and application procedures. The division anticipates the grant program will be available for the 2020-21 school year.

Through February 2020, a total of 372 individuals have been trained as peer support specialists and additional training sessions will be offered. The department drafted administrative rules for the certification of peer support specialists and public comment was being received on the rules in April 2020. The rules include the certification requirements, continuing education requirements, and reciprocity requirements for peer support specialists and peer support specialist supervisors.

The counties collaborated to form human service zones effective January 1, 2020. Zone directors were to be hired by March 31, 2020, and each zone must complete an operations plan by June 30, 2020. The first payment to human service zones was made in January 2020 and the second zone payment is scheduled to be made in June 2020. As of March 2020, payments made in 2020 are estimated to total \$91.6 million and 2021 payments are estimated to total \$91.4 million. The total estimated payments are \$9.3 million more than the amount appropriated. However, DHS estimates \$10.3 million of payments will be offset due to zone fund balances exceeding allowable amounts. The department anticipates salaries and benefits costs will exceed estimates by \$13.9 million, indirect costs will exceed estimates by \$6.3 million, and operating expenses will be \$10.8 million less than estimated.

A total of 112 positions have been transferred from counties to DHS to date. The positions relate to early childhood services (22), home- and community-based services case management (60), long-term care eligibility (16), child welfare quality control (10), and administration of zone activities (4).

The grant funding has been awarded to the Grand Forks Housing Authority for the LaGrave on First complex and to the Dacotah Foundation for the Cooper House facility in Fargo. The funding is being used to provide staff services at the facilities for mental health and tenancy services.