

**Sixty-ninth Legislative Assembly of North Dakota  
In Regular Session Commencing Tuesday, January 7, 2025**

HOUSE BILL NO. 1012  
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of various divisions of the department of health and human services; to create and enact a new section to chapter 6-09 of the North Dakota Century Code, relating to an extraordinary medical needs housing loan fund; to amend and reenact sections 50-06-06.6, 50-06-42, 50-24.5-02.3, and 50-33-05, and subsection 1 of 50-36-03 of the North Dakota Century Code and subsection 6 of the new section to chapter 54-07 of the North Dakota Century Code created in section 1 of Senate Bill No. 2176, as approved by the sixty-ninth legislative assembly, relating to leases of department of health and human services property, substance use disorder treatment program, basic care payment rates, state of residence for child care assistance, opioid settlement advisory committee, and children's cabinet; to provide for a transfer; to authorize a line of credit; to provide legislative intent; to provide for a legislative management study; to provide an application; to provide an exemption; to provide for a report; and to provide an effective date.

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

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from other funds derived from special funds and federal funds, to the department of health and human services for the purpose of defraying the expenses of its various divisions, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

**SALARIES AND WAGES BLOCK GRANT**

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages block grant	\$0	\$611,513,737	\$611,513,737
Total all funds	0	611,513,737	611,513,737
Less other funds	0	291,449,112	291,449,112
Total general fund	\$0	\$320,064,625	\$320,064,625

Subdivision 2.

**BUSINESS OPERATIONS**

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$25,763,358	(\$25,763,358)	\$0
Operating expenses	155,308,399	(77,023,770)	78,284,629
Capital assets	108,934	(108,934)	0
Grants	11,812,627	6,966,375	18,779,002
Total all funds	\$192,993,318	(\$95,929,687)	\$97,063,631
Less other funds	118,894,310	(71,526,221)	47,368,089
Total general fund	\$74,099,008	(\$24,403,466)	\$49,695,542

Subdivision 3.

**BEHAVIORAL HEALTH**

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,792,675	(\$8,792,675)	\$0
Operating expenses	79,381,458	23,888,138	103,269,596
Grants	40,476,298	18,639,322	59,115,620
Behavioral health clinics	196,383,945	(139,346,713)	57,037,232
State hospital	94,826,973	(73,946,818)	20,880,155
Opioid addiction prevention	2,000,000	6,000,000	8,000,000
Total all funds	\$421,861,349	(\$173,558,746)	\$248,302,603
Less other funds	113,955,941	(42,100,463)	71,855,478
Total general fund	\$307,905,408	(\$131,458,283)	\$176,447,125

Subdivision 4.

## HUMAN SERVICES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$168,325,918	(\$168,325,918)	\$0
Operating expenses	88,885,469	114,503,276	203,388,745
Capital assets	10,000	0	10,000
Grants	621,189,007	68,720,524	689,909,531
Life skills and transition center	44,992,263	(32,284,605)	12,707,658
Grants - medical assistance	742,793,564	(2,344,921)	740,448,643
County social services	197,663,661	6,928,621	204,592,282
Total all funds	\$1,863,859,882	(\$12,803,023)	\$1,851,056,859
Less other funds	1,240,409,529	(29,237,367)	1,211,172,162
Total general fund	\$623,450,353	\$16,434,344	\$639,884,697

Subdivision 5.

## MEDICAL SERVICES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$21,008,344	(\$21,008,344)	\$0
Operating expenses	70,807,977	92,364,562	163,172,539
Grants	1,651,004	2,006,800	3,657,804
Grants - medical assistance	2,682,778,803	(72,879,073)	2,609,899,730
Total all funds	\$2,776,246,128	\$483,945	\$2,776,730,073
Less other funds	1,818,029,530	(39,227,077)	1,778,802,453
Total general fund	\$958,216,598	\$39,711,022	\$997,927,620

Subdivision 6.

## PUBLIC HEALTH

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$60,415,388	(\$60,415,388)	\$0
Operating expenses	37,721,213	17,120,591	54,841,804
Capital assets	1,469,780	1,565,838	3,035,618
Grants	81,718,145	2,967,835	84,685,980
Tobacco prevention	13,063,162	(22,607)	13,040,555
Women, infants, and children food payments	19,900,000	1,100,000	21,000,000
Cares Act/COVID-19	83,909,182	(58,871,210)	25,037,972
Total all funds	\$298,196,870	(\$96,554,941)	\$201,641,929

Less other funds	<u>250,440,690</u>	<u>(81,142,870)</u>	<u>169,297,820</u>
Total general fund	<u>\$47,756,180</u>	<u>(\$15,412,071)</u>	<u>\$32,344,109</u>

Subdivision 7.

## TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total all funds	\$5,553,157,547	\$233,151,285	\$5,786,308,832
Grand total other funds	<u>3,541,730,000</u>	<u>28,215,114</u>	<u>3,569,945,114</u>
Grand total general fund	<u>\$2,011,427,547</u>	<u>\$204,936,171</u>	<u>\$2,216,363,718</u>
Full-time equivalent positions	2,483.83	204.52	2,688.35

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items included in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Technology projects	\$0	\$4,826,930	\$4,826,930
Human service centers and life skills and transition center projects	0	1,684,480	1,684,480
Retire mainframe	0	15,000,000	15,000,000
Child care programs	11,772,500	0	11,772,500
Housing programs	0	1,000,000	1,000,000
State laboratory move and equipment	0	2,962,304	2,962,304
Partial hospitalization day treatment	0	2,000,000	2,000,000
Developmental disabilities eligibility assessment tool for kids	200,000	200,000	400,000
Toxicology equipment	151,500	100,000	251,500
Behavioral health facility grant	0	12,960,000	12,960,000
Cultural community center grant	0	300,000	300,000
Intermediate care facility grant	0	4,400,000	4,400,000
Juvenile justice diversion services	0	750,000	750,000
Critical access hospital networking	0	2,000,000	2,000,000
Basic care daily rate increase	2,619,004	2,922,236	5,541,240
Infant and toddler care provider support	11,000,000	0	11,000,000
Child welfare technology project line of credit	0	8,411,218	8,411,218
Medical housing for individuals with extraordinary medical needs	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Northwest behavioral health facility grant	1,500,000	0	1,500,000
Guardianship funding	3,266,177	0	3,266,177
Waterford upstart funding	1,500,000	0	1,500,000
Fetal alcohol spectrum disorder clinic	<u>350,000</u>	<u>0</u>	<u>350,000</u>
Total	<u>\$32,559,181</u>	<u>\$59,517,168</u>	<u>\$92,076,349</u>

**SECTION 3. FUNDING TRANSFERS - EXEMPTION - AUTHORIZATION - REPORT.**

Notwithstanding section 54-16-04, the director of the office of management and budget shall transfer appropriation authority between line items within subdivisions 1, 2, 3, 4, 5, and 6 of section 1 of this Act and any other appropriation authority for the department of health and human services approved by the sixty-ninth legislative assembly, for the biennium beginning July 1, 2025, and ending June 30, 2027, as requested by the department of health and human services. The department of health and human services shall notify the legislative council of any transfer made pursuant to this section. The department of health and human services shall report to the budget section after June 30, 2026, any

transfer made in excess of \$50,000 and to the appropriations committees of the seventieth legislative assembly regarding any transfers made pursuant to this section.

**SECTION 4. FULL-TIME EQUIVALENT POSITION BLOCK GRANT PROGRAM - REPORT.**

Section 1 of this Act includes funding for a full-time equivalent position block grant program. This funding as approved by the sixty-ninth legislative assembly is available for defraying the expense of full-time equivalent positions as determined by the department of health and human services. Notwithstanding any other provision of law, the department is authorized to increase or decrease authorized full-time equivalent positions subject to the availability of funds and the provisions of this section. The department of health and human services may not increase full-time equivalent positions for the purpose of transferring human service zone employees to state employment. Pursuant to section 3 of this Act, the department is authorized to transfer appropriation authority of up to the underfunded amount of \$14,771,038 to the salaries and wages block grant line item. The department of health and human services shall report to the office of management and budget and the legislative council any adjustments to full-time equivalent positions.

**SECTION 5. DEPARTMENT OF HEALTH AND HUMAN SERVICES - SALARIES AND WAGES BLOCK GRANT - VACANT POSITIONS - REPORT.** The department of health and human services shall report to the budget section quarterly during the 2025-26 interim regarding the status of its salaries and wages block grant and vacant positions and employee turnover. The report must include:

1. The legislative appropriation for salaries and wages allocated by the department to major department programs by funding source and the number of full-time equivalent positions the department is allocating to each major program based on the legislative appropriation;
2. Any changes to salaries and wages funding or full-time equivalent positions allocated to major department programs;
3. Any new full-time equivalent positions added, the cost of the position for the remainder of the biennium, and the cost to continue funding the position in the subsequent biennium by funding source;
4. Any full-time equivalent positions removed and related funding;
5. The number of full-time equivalent positions that become vacant and the number filled each month;
6. The number of vacant full-time equivalent positions at the end of each month;
7. Salaries and wages savings resulting from vacant positions and employee turnover each month by funding source; and
8. The use of salaries and wages savings for other purposes for each month by funding source.

**SECTION 6. BEHAVIORAL HEALTH FACILITY GRANT - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - APPLICATION.**

1. Section 1 of this Act includes the sum of \$12,960,000 from the strategic investment and improvements fund for a behavioral health facility grant pursuant to this section.
2. A grant of \$12,960,000 must be provided to establish a behavioral health facility in the northeast human service region. The grant recipient must provide matching funds of \$3,240,000 to establish the facility.
3. The department shall require an entity receiving funding under this section to operate the facility for at least ten years and require the grant amount to be repaid if the entity does not operate the facility for at least ten years.

4. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.

**SECTION 7. APPROPRIATION - OFFICE OF GUARDIANSHIP AND CONSERVATORSHIP.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$3,266,178, or so much of the sum as may be necessary, to the office of guardianship and conservatorship, for the biennium beginning July 1, 2025, and ending June 30, 2027, for the purpose of providing guardianship services after March 30, 2026.

**SECTION 8. TRANSFER - OFFICE OF GUARDIANSHIP AND CONSERVATORSHIP.** Section 1 of this Act includes the sum of \$3,266,177 from the general fund for guardianship programs. On April 1, 2026, the office of management and budget shall transfer any unspent appropriation authority for guardianship programs from the department of health and human services to the office of guardianship and conservatorship, for the biennium beginning July 1, 2025, and ending June 30, 2027.

**SECTION 9. INFANT AND TODDLER CARE PROVIDER SUPPORT DIRECT PAYMENT - ONE-TIME FUNDING - REPORT.** Section 1 of this Act includes the sum of \$11,000,000 of one-time funding from the general fund for direct payments to licensed child care providers to support high-quality early childhood care for infants and toddlers. The department shall administer the direct payment program and include the following provisions:

1. To qualify for a direct payment under this section, a direct payment recipient may not be currently receiving a child care assistance program infant/toddler bonus payment and must:
  - a. Be a licensed child care facility within the state of North Dakota;
  - b. Be enrolled in the state's bright and early quality rating system at a two-star, three-star, or four-star rating level; and
  - c. Provide care for children from birth through three years of age.
2. Eligible providers may receive up to \$200 per month for each child from birth through seventeen months of age and up to \$115 per month for each child from eighteen through thirty-six months of age.
3. The department shall distribute the direct payments on a quarterly basis. Direct payments may not be used for non-child care-related expenses or debt repayment.
4. Direct payment recipients shall submit annual reports to the department detailing fund usage, enrollment statistics, and other information requested by the department.
5. The department shall provide reports to the legislative management and to the appropriations committees of the seventieth legislative assembly on direct payments and the effectiveness of the program.

**SECTION 10. INTERMEDIATE CARE FACILITY MEDICALLY AND BEHAVIORALLY COMPLEX SERVICES GRANT - ONE-TIME FUNDING - APPLICATION.** Section 1 of this Act includes the sum of \$4,400,000 of one-time funding from the community health trust fund for providing a one-time grant to a licensed intermediate care facility in the south central human service region for providing services to children or young adults with medically and behaviorally complex conditions. To be eligible to receive the grant under this section, a licensed intermediate care facility must provide early intervention, clinical, and residential services, provide community and home support, education, recreation and leisure activities, and assistive technology; and provide services in at least eight communities for individuals with intellectual or developmental disabilities. The grant funds awarded may be used only for the costs of providing services to children and young adults with medically and behaviorally complex conditions. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.

**SECTION 11. SPECIAL HEALTH CARE NEEDS GRANT - APPLICATION.** Section 1 of this Act includes the sum of \$100,000 from the general fund for providing a grant to a provider in the south central human service region for statewide education, information, training, and peer support to families with children with special health care needs, medically complex conditions, or a disability. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.

**SECTION 12. CRISIS SERVICES GRANTS - APPLICATION.** Section 1 of this Act includes the sum of \$585,000 from the general fund for providing crisis services grants, including the sum of \$300,000 for crisis organizations that provide crisis services to young adults who are at risk of being homeless or experiencing other serious adverse life events and the sum of \$285,000 to a volunteer-based ecumenical ministry organization. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.

**SECTION 13. MEDICAL HOUSING FOR INDIVIDUALS WITH EXTRAORDINARY MEDICAL NEEDS - ONE-TIME FUNDING.**

1. Section 1 of this Act includes the sum of \$200,000 from the general fund for the preliminary design consultation and project administration of developing housing for individuals with disabilities that have extraordinary medical needs and for rent subsidies for individuals residing in these housing facilities, for the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The department of health and human services shall collaborate with the North Dakota housing finance agency, individuals with disabilities, caregivers, and families to solicit proposals for the development of accessible housing for individuals with disabilities that have extraordinary medical needs, for the biennium beginning July 1, 2025, and ending June 30, 2027. The department shall solicit proposals from public entities, for-profit organizations, and nonprofit organizations to design, construct, maintain, and operate the housing facility. Proposals must:
  - a. Ensure that services in the facility may be provided separately from the facility ownership interests;
  - b. Ensure that individuals residing in the facility may choose among independent living service providers; and
  - c. Comply with the federal home and community-based settings rules as defined under 42 CFR 441.301(c)(4).

**SECTION 14. BEHAVIORAL HEALTH FACILITY GRANT - GENERAL FUND - ONE-TIME FUNDING - APPLICATION.** Section 1 of this Act includes the sum of \$1,500,000 appropriated from the general fund and section 29 of this Act continues unexpended appropriation authority of up to \$1,950,000 appropriated from the general fund in chapter 44 of the 2023 Session Laws to provide a total of \$3,450,000 for the purpose of providing a one-time behavioral health facility grant to establish a behavioral health facility in the northwest human service center region, for the biennium beginning July 1, 2025, and ending June 30, 2027. The department of health and human services shall include the following provisions relating to the grant award.

1. The grant recipient must provide matching funds of at least \$1,750,000 to establish the facility.
2. The department shall require an entity receiving a grant under this section to operate the facility for at least ten years and require the grant amount to be repaid if the entity does not operate the facility for at least ten years.
3. To continue to receive the grant, the behavioral health facility grant recipient must:
  - a. Enter a grant agreement or amendment or both with the department;

- b. Provide and disclose information needed to comply with the department's data collection requirements; and
  - c. Operate in compliance with grant requirements.
4. The department may recapture grant funds distributed to a grant recipient found by the department to be out of compliance with the requirements established for the grant program.
  5. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.

**SECTION 15. COMMUNITY CULTURAL CENTER GRANT - COMMUNITY HEALTH TRUST FUND - APPLICATION.** Section 1 of this Act includes the sum of \$300,000 from the community health trust fund for the purpose of providing a one-time community cultural center programming grant in the west central human service region. An entity may apply for a grant under this section if the entity certifies to the department the funds will be used for programs within the community cultural center. The requirements of chapter 54-44.4 do not apply to the selection of a grant recipient, the grant award, or payments made under this section.

**SECTION 16. JUVENILE JUSTICE DIVERSION SERVICES AND PROGRAMS - TASK FORCE - REPORT.** Section 1 of this Act includes the sum of \$750,000 of one-time funding from the human services finance fund for juvenile justice diversion services and programs. The department of health and human services must use the funding for services to youth at risk of juvenile justice involvement but who have not committed delinquent acts as defined in chapter 27-20.4. The department shall establish a task force with representation from divisions in the department, human service zones, the department of public instruction, elementary and secondary schools, and members of the legislative assembly, to review juvenile justice diversion services and program. The department shall report its findings and recommendations to the legislative management and children's cabinet.

**SECTION 17. OTHER FUNDS - INSURANCE TAX DISTRIBUTION FUND.** The other funds line item in subdivision 5 of section 1 of this Act includes the sum of \$1,125,000 from the insurance tax distribution fund for rural emergency medical services grants.

**SECTION 18. OTHER FUNDS - COMMUNITY HEALTH TRUST FUND.** The other funds line items in section 1 of this Act includes the sum of \$41,009,522 from the community health trust fund for the following purposes:

Loan repayment programs	\$594,500
Tobacco prevention and control grants to local public health units	6,250,000
Tobacco prevention and control	4,549,698
Tobacco cessation grants	500,000
Youth vaping prevention grants	300,000
Cancer and women's way programs	909,824
Behavior risk state survey	200,000
Intermediate care facility grant	4,400,000
Domestic violence programs	4,250,000
Local public health grants	3,275,000
988 crisis hotline	1,867,500
Various information technology system upgrades	1,335,000
Grants to rural ambulances	7,000,000
Law enforcement rural crisis support program	1,000,000
Development of partial hospitalization/intensive day treatment	2,000,000
Critical access hospital networking	2,000,000
Forensic examiner electronic records	278,000
Cultural center programming	300,000
Total	\$41,009,522

**SECTION 19. OTHER FUNDS - HUMAN SERVICE FINANCE FUND.** The other funds line items in section 1 of this Act includes the sum of \$242,862,030 from the human service finance fund for state-paid economic assistance and social and human services.

**SECTION 20. OTHER FUNDS - OPIOID SETTLEMENT FUND.** The other funds line item in section 1 of this Act includes the sum of \$8,000,000 from the opioid settlement fund for opioid remediation and abatement efforts.

**SECTION 21. OTHER FUNDS - CHARITABLE GAMING OPERATING FUND.** The other funds line item in section 1 of this Act includes the sum of \$1,900,000 from the charitable gaming operating fund for domestic and sexual violence prevention.

**SECTION 22. OTHER FUNDS - HEALTH CARE TRUST FUND.** The other funds line item in section 1 of this Act includes the sum of \$1,448,052 from the health care trust fund for the additional daily rate increase for basic care.

**SECTION 23. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The other funds line items in section 1 of this Act includes the sum of \$22,106,784 from the strategic investment and improvements fund for the following purposes:

Retiring technology from the mainframe	\$2,500,000
New state laboratory move-in costs and security equipment purchases	2,962,304
Capital projects in certified community behavioral health clinics and life skills and transition center	1,684,480
Housing initiative programs	1,000,000
Technology projects at the state hospital	1,000,000
Behavioral health facility grant	12,960,000
Total	\$22,106,784

**SECTION 24. OTHER FUNDS - BANK OF NORTH DAKOTA LINE OF CREDIT - CHILD WELFARE TECHNOLOGY PROJECT.** The other funds line item in subdivision 2 of section 1 of this Act includes the sum of \$8,411,218 from a Bank of North Dakota line of credit. The department of health and human services may borrow up to \$8,411,218 through a line of credit from the Bank of North Dakota during the biennium beginning July 1, 2025, and ending June 30, 2027, for costs associated with a child welfare technology project. The interest rate on the line of credit may not exceed the prevailing interest rate charged to North Dakota governmental entities. If the department accesses the line of credit, it shall request a deficiency appropriation from the seventieth legislative assembly to repay the line of credit.

**SECTION 25. LABORATORY BUILDING STEERING COMMITTEE.** The department of health and human services shall maintain the laboratory building steering committee to oversee the design and construction of the laboratory building project, for the biennium beginning July 1, 2025, and ending June 30, 2027, or until work is completed, whichever occurs earlier. The committee must include representation from the department of health and human services, department of environmental quality, the office of management and budget, the governor's office, and the legislative assembly. The legislative assembly representation must include one member of the senate appointed by the senate majority leader, one member of the house appointed by the house majority leader, and one member of the minority party from either the senate or the house appointed by the minority leaders of the senate and the house.

**SECTION 26. CAPITAL PAYMENTS.** During the biennium beginning July 1, 2025, and ending June 30, 2027, the department of health and human services is authorized to expend funds for the payment of special assessments at the state hospital, southeast human service center, and life skills and transition center. Pursuant to section 3 of this Act, the director of the office of management and budget may transfer appropriation authority between line items within section 1 of this Act and any remaining appropriation authority for the department of health and human services approved by the sixty-ninth legislative assembly. The department of health and human services may transfer funds for



the payment of special assessments at the state hospital, southeast human service center, and life skills and transition center ahead of the special needs assessments schedule. Notwithstanding section 54-27-12, the department of health and human services may spend funds for the payment of special assessments at the state hospital and life skills and transition center.

**SECTION 27. CAPITAL PROJECTS - EMERGENCY COMMISSION AND BUDGET SECTION APPROVAL.** During the biennium beginning July 1, 2025, and ending June 30, 2027, pursuant to section 3 of this Act, the director of the office of management and budget may transfer appropriation authority between line items within section 1 of this Act and any remaining appropriation authority for the department of health and human services approved by the sixty-ninth legislative assembly for capital projects and maintenance pertaining to operation of its facilities, including demolition projects. Notwithstanding section 54-27-12, the department of health and human services may spend up to \$10,000,000 for capital projects and maintenance pertaining to operation of its facilities, including demolition projects, under this section and may seek emergency commission and budget section approval to spend more than \$10,000,000 under this section.

**SECTION 28. PERMANENT SUPPORTIVE HOUSING GRANTS.** Section 1 of this Act includes the sum of \$4,672,536 from the general fund for permanent supportive housing grants. The department of health and human services shall develop a funding methodology to distribute the funding to qualified entities that utilize best practices for permanent supportive housing, provide recovery-oriented and person-centered services, submit process and outcome measures to the department of health and human services, and authorize the department of health and human services to conduct onsite visits to review program operations.

**SECTION 29. EXPENDITURES MAY NOT EXCEED APPROPRIATION - MEDICAL ASSISTANCE EXPANSION PROGRAM - APPLICATION.**

1. Section 1 of this Act includes the sum of \$662,099,340, of which \$66,209,934 is from the general fund, for the medical assistance expansion program, for the biennium beginning July 1, 2025, and ending June 30, 2027. The expenditures for individuals eligible for the medical assistance expansion program may not exceed this amount.
2. The department of health and human services may exceed appropriations for increases in medical assistance expansion program caseload, for the addition of coverage consistent with the traditional Medicaid 1915(i) state plan, utilization rates, and reduction in federal medical assistance percentage.
3. The managed care organization under contract with the department of health and human services to manage the medical assistance expansion program shall reimburse providers within the same provider type and specialty at consistent levels and with consistent methodology and may not provide incentive, quality, or supplemental payments to providers, unless part of a value-based program approved by the department of health and human services. The managed care organization shall reimburse all North Dakota substance use providers of American society of addiction medicine level 2.5 at consistent levels and with consistent methodology. The managed care organization may consider urban and rural providers as different provider types.
4. The managed care organization and the department of health and human services shall ensure payments to Indian or Tribal 638 health care providers, federally qualified health centers, and rural health clinics meet the federally required minimum levels of reimbursement. Critical access hospitals may not be paid less than one hundred percent of Medicare allowable costs and human service centers may not be paid less than one hundred percent of the current traditional Medicaid rate. Behavioral health services involving partial hospitalization, intensive outpatient, professional services, and residential behavioral health services provided in facilities that are not institutions for mental diseases are not subject to the provisions in subsection 6.

5. The department of health and human services shall ensure providers within the same provider type and specialty are reimbursed at consistent levels and with consistent methodology and shall ensure the capitation rates under risk contracts are actuarially sound and are adequate to meet managed care organization contractual requirements regarding availability of services, assurance or adequate capacity and services, and coordination and continuity of care.
6. Except for the provisions in subsection 4, managed care organization premium payments must be built using the assumption that rates paid to providers under the medical assistance expansion program may not exceed one hundred forty-five percent of Medicare reimbursement rates paid to providers on January 1, 2025.

**SECTION 30. HUMAN SERVICE CENTERS - CERTIFIED COMMUNITY BEHAVIORAL HEALTH CLINICS - FULL-TIME EQUIVALENT POSITIONS - REPORT.** The department of health and human services shall continue the process of the human service centers becoming a certified community behavioral health clinic to provide continuous community-based behavioral health services for children and adults. The department of health and human services shall pursue additional federal funding as available. Subject to the availability of generated income, the department of health and human services may add full-time equivalent positions for the clinics to provide direct services for the period beginning with the effective date of this Act and ending June 30, 2027. The department of health and human services shall report to the office of management and budget and the legislative council each time a position is added.

**SECTION 31. INTERMEDIATE CARE FACILITY MORATORIUM.** The department of health and human services may not add any new licensed intermediate care facility for individuals with intellectual disabilities beds to the state's licensed bed capacity between July 1, 2025, and June 30, 2027.

**SECTION 32. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following appropriations are not subject to the provisions of section 54-44.1-11 and any unexpended appropriation authority may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$3,674,757 appropriated from the general fund and the sum of \$25,918,566 appropriated from federal funds for the Medicaid management information system modularization technology project in chapter 12 of the 2021 Session Laws;
2. The sum of \$6,000,000 appropriated from the general fund and the sum of \$14,411,218 appropriated from federal funds for the child welfare technology project in chapter 12 of the 2021 Session Laws;
3. The sum of \$20,366,271 appropriated from the community health trust fund and the sum of \$39,534,525 appropriated from federal funds for the child support computer replacement project in chapter 44 of the 2023 Session Laws;
4. The sum of \$10,989,217 appropriated from the strategic investment and improvements fund for the procurement and grants management system in chapter 44 of the 2023 Session Laws;
5. The sum of \$4,150,000 appropriated from the general fund for defraying the expenses of additional human service centers to begin the process of becoming a certified community behavioral health clinic to provide continuous community-based behavioral health services for children and adults in chapter 44 of the 2023 Session Laws;
6. The sum of \$18,941,847 appropriated to the department of health and human services in chapter 549 of the 2021 Special Session Session Laws;
7. The sum of \$55,120,000 appropriated from the federal state fiscal recovery fund for a public health laboratory capital project in chapter 4 of the 2023 Session Laws;
8. The sum of \$2,200,000 appropriated from the general fund for the purpose of employer-led child care cost-share program in chapter 446 of the 2023 Session Laws;

9. The sum of \$986,555 appropriated from the general fund for the purpose of streamlining background checks project in chapter 446 of the 2023 Session Laws;
10. The sum of \$1,000,000 appropriated from the federal state fiscal recovery fund for the implementation of a virtual behavioral health crisis care program for rural law enforcement in chapter 44 of the 2023 Session Laws;
11. The sum of \$500,000 appropriated from the general fund and the sum of \$500,000 appropriated from federal funds for the purpose of program integrity audits in chapter 44 of the 2023 Session Laws; and
12. The sum of \$1,950,000 appropriated from the general fund to the department of health and human services for a northwest human service region behavioral health facility grant in chapter 44 of the 2023 Session Laws.

**SECTION 33. LEGISLATIVE INTENT - UTILIZATION RATE ADJUSTMENT.** It is the intent of the sixty-ninth legislative assembly that the department of health and human services seek a deficiency appropriation from the seventieth legislative assembly for any expenditures that exceed appropriated amounts as a result of underfunding, utilization rates, value-based purchasing for nursing facilities, reduction in federal medical assistance percentage, and unexpected contract cost increases that exceed ten percent, during the biennium beginning July 1, 2025, and ending June 30, 2027, if funding is not sufficient to pay actual expenses.

**SECTION 34. LEGISLATIVE INTENT - PROVIDER RATE INCREASE.** Except as otherwise noted, section 1 of this Act includes funding for human service provider inflation increases of two percent for each year of the biennium beginning July 1, 2025, and ending June 30, 2027. The provider inflation increase in this section does not apply to nursing facilities.

**SECTION 35. FEDERAL FUNDING APPEAL LIMITATION.** Except as otherwise specifically provided by federal law, a person may not appeal a denial, revocation, reduction in services or payment, or the termination of a program or service by the department of health and human services due to the unavailability of federal coronavirus funding received under federal law resulting from the federal coronavirus pandemic emergency declarations, for the biennium beginning July 1, 2025, and ending June 30, 2027.

**SECTION 36. DEPARTMENT OF HEALTH AND HUMAN SERVICES - LONG-TERM STRUCTURED RESIDENCES PLAN - REPORT.** During the 2025-26 interim, the department of health and human services shall review options and develop a plan to establish long-term structured residences. The department shall review necessary changes to statutes, rules, policies, and the estimated fiscal impact of establishing the residences. A long-term structured residence must be a highly structured therapeutic residential mental health treatment facility that is staffed continuously and designed to treat adults under chapters 12.1-04.1 and 25-03.1 who have severe and persistent mental illness and who have reached the maximum benefit from the mental health resources available elsewhere in the community or hospital. The department shall present a report to the legislative management by October 1, 2026, regarding its plan to establish long-term structured residences.

**SECTION 37. AMENDMENT.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

**Extraordinary medical needs housing loan fund - Continuing appropriation.**

1. The Bank of North Dakota shall administer a loan program to provide loans for new construction projects to provide housing for individuals with disabilities that have extraordinary medical needs. A construction project may include a land purchase and the construction costs of the project. The applicant must comply with project requirements as approved by the department of health and human services and the North Dakota housing finance agency.

2. The extraordinary medical needs housing loan fund is a special fund maintained in the state treasury from which the Bank shall provide loans under this section. The fund consists of revenues transferred under legislative authorization, interest upon moneys in the fund, and collections of interest and principal on loans made from the fund. All moneys in the fund are appropriated on a continuing basis to the Bank for the purpose of providing loans under this section.
3. The developer of the housing facility for individuals with disabilities that have extraordinary medical needs may submit an application to the Bank for a loan. The application must:
  - a. Provide detail on the proposed construction project and its compliance with the department of health and human services and the North Dakota housing finance agency requirements;
  - b. Demonstrate the need and long-term viability of the project; and
  - c. Include financial information the Bank determines appropriate to verify eligibility.
4. A loan approved under this section:
  - a. May not exceed three million three hundred thousand dollars for a project;
  - b. Must have an interest rate that does not exceed two percent; and
  - c. Must have a repayment schedule of no longer than twenty years.
5. A recipient of a loan under this section shall complete the financed construction project within twenty-four months of the approval of the loan. Failure to comply with this subsection may result in forfeiture of the entire loan received under this section.
6. The Bank shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments a service fee for costs of administering the loan program. The fund must be audited annually pursuant to section 6-09-29 and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund must be paid from the fund.

**SECTION 38. AMENDMENT.** Section 50-06-06.6 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-06.6. Department may lease real and personal property.**

~~The commissioner of the department or commissioner's designee may lease surplus farm and pastureland at the state hospital and the life skills and transition center. The commissioner or designee also may enter into further leases of real or personal property at the life skills and transition center or the state hospital upon a specific finding that the granting of each such leasehold interest will result in a net economic gain for the department, taking into account all identifiable costs. Any lease of space for the purpose of providing child care services must meet requirements as determined by the department. The commissioner of the department or commissioner's designee may prescribe the terms and conditions of any leases entered into pursuant to this section and may renew existing leases. AnyThe term of any lease entered into must be subject to renewal or cancelable each bienniummay not exceed ninety-nine years.~~

**SECTION 39. AMENDMENT.** Section 50-06-42 of the North Dakota Century Code is amended and reenacted as follows:

**50-06-42. Substance use disorder treatment voucher system .**

1. The department shall establish and administer, within the limits of legislative appropriations, a voucher system to address underserved areas and gaps in the state's substance abuse

treatment system and to assist in the payment of addiction treatment services and medical costs provided by licensed substance abuse treatment programs, excluding regional human service centers and hospital- or medical clinic-based programs for medical management of withdrawal. An out-of-state licensed substance abuse treatment program located within a bordering state may participate in the voucher program to serve an underserved area of this state pursuant to the rules adopted by the department. The department shall develop rules to include processes and requirements for an out-of-state provider to receive reimbursement only for outpatient and community-based services upon a provider completing an assessment of need and receiving approval from the department.

2. Services eligible for the voucher program include only those levels of care recognized by the American society of addiction medicine, with particular emphasis given to underserved areas and programs. The department shall ensure that a licensed substance abuse treatment program, hospital, and medical clinic program accepting vouchers collects and reports process and outcome measures.
3. The department shall develop requirements and provide training and technical assistance to a licensed substance abuse treatment program, hospital, and medical clinic program accepting vouchers. A licensed substance abuse treatment program, hospital, and medical clinic program accepting vouchers shall provide evidence-based services.
4. The department shall allocate funding appropriated for the substance use disorder treatment voucher as follows:
  - a. ~~No~~Except as provided in subdivisions c and d, no more than ~~forty-five~~fifty percent of the appropriated amount may be allocated for residential substance use disorder services administered by licensed substance abuse treatment programs with more than sixteen beds.
  - b. The remaining appropriation must be allocated for residential programs with sixteen or fewer beds, nonresidential outpatient, and ancillary substance use disorder services administered by licensed substance abuse treatment programs.
  - c. The department, during the last quarter of the biennium, may reallocate projected unused funds that were allocated under subdivision b to residential facilities outlined in subdivision a.
  - d. The department may reimburse a licensed substance abuse treatment program with more than sixteen beds the incurred direct medical costs of an eligible individual who does not have resources to cover the medical costs. The department may develop rules and may not exceed the total amount appropriated for medical cost reimbursement.

**SECTION 40. AMENDMENT.** Section 50-24.5-02.3 of the North Dakota Century Code is amended and reenacted as follows:

**50-24.5-02.3. Basic care payment rates.**

1. The department shall determine limits for the care of residents of basic care facilities that qualify as vendors of an aged, blind, and disabled persons program and for implementing provisions of this chapter based on data demonstrating the most recent costs that must be incurred for the care of residents in efficiently and economically operated basic care facilities. The department shall determine the limits every four years by July first, beginning with July 1, 2023.
2. The department shall establish the limits by using the median rates from the most recent data available. The direct care limit must be the median plus eighteen percent. The indirect care limit must be the median plus twelve percent.

3. For the rate year beginning July 1, 2023, the department shall increase rates and limits three and one-half percent for inflation. For the rate year beginning July 1, 2024, the department shall increase rates and limits three and one-half percent for inflation.
4. The department shall provide a rate increase in the amount of five dollars per day for the period beginning July 1, 2023, and ending June 30, ~~2025~~2027, after which the increase is not effective. This rate increase may not be included in any calculation of inflation increase.
5. Within the limits of legislative appropriations, the department shall establish an uncompensated care expense of three hundred sixty-five days.

**SECTION 41. AMENDMENT.** Section 50-33-05 of the North Dakota Century Code is amended and reenacted as follows:

**50-33-05. State of residence.**

Only child care assistance units physically residing within the boundaries of the state are eligible for child care assistance, unless the individual is employed by an early childhood program within the boundaries of the state and the individual has been approved for the state's child care assistance child care workforce benefit.

**SECTION 42. AMENDMENT.** Subsection 1 of section 50-36-03 of the North Dakota Century Code is amended and reenacted as follows:

1. The committee is composed of:
  - a. One member of the North Dakota association of counties appointed by the chairman of the legislative management, who shall serve a term of two years.
  - b. One member of the North Dakota league of cities appointed by the chairman of the legislative management, who shall serve a term of two years.
  - c. One member of the North Dakota state association of city and county health officials appointed by the chairman of the legislative management, who shall serve a term of two years.
  - d. One member who represents the highway patrol appointed by the highway patrol superintendent, who shall serve a term of two years.
  - e. The executive director of the department's division of behavioral health.
  - f. ~~The managing director of the office of recovery reinvented~~One member in recovery appointed by the governor.
  - g. One member appointed by the governor who shall serve as a nonvoting member and as the presiding officer of the committee, who shall serve a term of two years.

**SECTION 43. AMENDMENT.** Subsection 6 of the new section to chapter 54-07 of the North Dakota Century Code, as created by section 1 of Senate Bill No. 2176, as approved by the sixty-ninth legislative assembly, is amended and reenacted as follows:

6.
  - a. The office of the governor shall provide staffing and administrative services for the children's cabinet and coordinate with other designated working groups on children and family issues.
  - b. The governor or the governor's designee serving on the cabinet may appoint a representative to serve in that official's capacity at a meeting if the governor or governor's designee is unable to attend.

**SECTION 44. HOUSING AVAILABILITY ASSESSMENT - COLLABORATION WITH HOUSING FINANCE AGENCY.** The department of health and human services shall collaborate with the North Dakota housing finance agency and other appropriate stakeholders to assess the availability of housing for individuals requiring extraordinary health care support services, for the biennium beginning July 1, 2025, and ending June 30, 2027. Based on the results of the assessment, if necessary, the department shall develop a plan to expand access to housing providing the least restrictive environment for individuals requiring extraordinary health care support services.

**SECTION 45. BEHAVIORAL HEALTH CLINICS, NORTH DAKOTA STATE HOSPITAL, AND LIFE SKILLS AND TRANSITION CENTER FUNDING.** Section 1 of this Act includes funding for the behavioral health clinics, North Dakota state hospital, and life skills and transition center as follows:

1. Behavioral health clinics:
  - a. Salaries and wages \$174,911,640
  - b. Operating and capital 57,037,232
  - c. Total \$231,948,872
2. State hospital:
  - a. Salaries and wages \$68,999,503
  - b. Operating and capital 20,880,155
  - c. Total \$89,879,658
3. Life skills and transition center:
  - a. Salaries and wages \$55,639,421
  - b. Operating and capital 12,707,658
  - c. Total \$68,347,079

**SECTION 46. LEGISLATIVE MANAGEMENT STUDY - STUDENT TRUANCY AND ABSENTEEISM.** The legislative management shall consider studying, during the 2025-26 interim, truancy and student absenteeism in kindergarten through grade twelve public schools. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement its recommendations, to the seventieth legislative assembly.

**SECTION 47. LEGISLATIVE MANAGEMENT STUDY - MATERNAL HEALTH SERVICES - ACCESS AND WORKFORCE.**

1. During the 2025-26 interim, the legislative management shall consider studying access to maternal health services. The study must include:
  - a. Consideration of the availability of prenatal and childbirth services, including provider shortages and service use.
  - b. Development of strategies to increase the number of obstetricians, family doctors, and midwives providing maternal health services in this state.
  - c. A review of coverage and reimbursement for doulas and midwives, including training and certification needs.
  - d. Consideration of insurance and public policy options to improve maternal health outcomes, including through the Medicaid program.

- e. Input from health care providers, insurers, public health officials, and maternal health experts.
2. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement its recommendations, to the seventieth legislative assembly.

**SECTION 48. LEGISLATIVE INTENT - LIFE SKILLS AND TRANSITION CENTER.** It is the intent of the sixty-ninth legislative assembly that during the 2025-26 interim, the department of health and human services review the facilities and land at the life skills and transition center to identify the portions of the life skills and transition center campus that are necessary for delivery of services and the portions of the campus that could be conveyed to a local government or related public or not-for-profit community development entity to redevelop to optimize local community development goals and the successful operation of the life skills and transition center. It is further the intent of the legislative assembly that the department of health and human services present any request to convey any portions of the campus to the seventieth legislative assembly.

**SECTION 49. DISABILITY SERVICE ACCREDITATION STUDY - LEGISLATIVE MANAGEMENT REPORT.** During the 2025-26 interim, the department of health and human services shall study accreditation requirements and provider costs for serving individuals with intellectual and developmental disabilities, including the cost of accreditation relative to the cost of providing services and reimbursement. The department shall report its findings and recommendations, together with any legislation necessary to implement recommendations to the legislative management by September 1, 2026.

**SECTION 50. VALUE-BASED CARE INCENTIVE PROGRAM - PAYMENT WITHHOLD FOR NURSING FACILITIES - COLLABORATION WITH NORTH DAKOTA LONG TERM CARE ASSOCIATION.** During the 2025-26 interim, the department of health and human services, in collaboration with the North Dakota long term care association, shall develop a payment withhold structure for value-based payments to provide funding for the value-based care incentive program for nursing facilities. The department shall implement the payment withhold beginning July 1, 2027. The department may not implement a payment withhold before July 1, 2027.

**SECTION 51. LEGISLATIVE MANAGEMENT STUDY- DISABILITY SERVICES.**

1. During the 2025-26 interim, the legislative management shall consider a study of the efficiency, effectiveness, and outcomes of developmental disability services provided by the department of health and human services. The study must include:
  - a. A review of the approval process, an analysis of accountability measures, an assessment of gaps in services, and an evaluation of overall program management.
  - b. An assessment of whether the department is effectively managing cases and complying with federal law in the provision of support and services to individuals with disabilities.
  - c. Input from advocates, clients from the disability community, zone directors, service providers, and health care providers who serve individuals with disabilities.
  - d. Collaboration with the cross-disability advisory council.
2. The legislative council may contract with a consultant with expertise in the provision of developmental disability services to assist in the study.
3. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement its recommendations, to the seventieth legislative assembly.

**SECTION 52. APPROPRIATION - COMMUNITY HEALTH TRUST FUND - LEGISLATIVE COUNCIL - DISABILITY SERVICES - ONE-TIME FUNDING.** There is appropriated out of any moneys



in the community health trust fund, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the legislative council for the purpose of contracting for consulting services for a disability services study, for the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation in this section is considered a one-time funding item.

**SECTION 53. LEGISLATIVE INTENT - STATEWIDE DEMENTIA COORDINATION.** It is the intent of the sixty-ninth legislative assembly that the department of health and human services address the statewide coordination of dementia services.

**SECTION 54. LEGISLATIVE MANAGEMENT REPORT - BEHAVIORAL HEALTH FACILITY GRANTS.** During the 2025-26 interim the department of health and human services shall provide reports to the budget section regarding the award of grant funding to increase the number of behavioral health beds in the state.

**SECTION 55. EFFECTIVE DATE.** Section 39 of this Act becomes effective on July 1, 2026.

**SECTION 56. EFFECTIVE DATE.** Section 9 of this Act becomes effective on January 1, 2026.

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-ninth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1012.

House Vote:      Yeas 61              Nays 26              Absent 7

Senate Vote:      Yeas 37              Nays 9              Absent 1

\_\_\_\_\_  
Chief Clerk of the House

Received by the Governor at \_\_\_\_\_ M. on \_\_\_\_\_, 2025.

Approved at \_\_\_\_\_ M. on \_\_\_\_\_, 2025.

\_\_\_\_\_  
Governor

Filed in this office this \_\_\_\_\_ day of \_\_\_\_\_, 2025,

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State