

Sixty-ninth  
Legislative Assembly  
of North Dakota

**PROPOSED AMENDMENTS TO  
FIRST ENGROSSMENT**

**ENGROSSED HOUSE BILL NO. 1012**

Introduced by

Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of various divisions of the department of health and human services; to provide an appropriation to the legislative council for contracting for a disability services study; to amend and reenact sections 50-06-06.6, 50-06-42, 50-24.5-02.3, and 50-33-05 of the North Dakota Century Code, relating to leases of department of health and human services property, substance use disorder treatment program, basic care payment rates, and state of residence for child care assistance; 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**

Adjustments or

| <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
|-------------------|---------------------|----------------------|
|-------------------|---------------------|----------------------|

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|   |                                |            |                      |                      |
|---|--------------------------------|------------|----------------------|----------------------|
| 1 | Salaries and wages block grant | <u>\$0</u> | <u>\$596,284,775</u> | <u>\$596,284,775</u> |
| 2 | Total all funds                | \$0        | \$596,284,775        | \$596,284,775        |
| 3 | Less other funds               | <u>0</u>   | <u>286,720,150</u>   | <u>286,720,150</u>   |
| 4 | Total general fund             | \$0        | \$309,564,625        | \$309,564,625        |

5 Subdivision 2.

6 BUSINESS OPERATIONS

|    |                    |                    |                     |                      |
|----|--------------------|--------------------|---------------------|----------------------|
| 7  |                    |                    | Adjustments or      |                      |
| 8  |                    | <u>Base Level</u>  | <u>Enhancements</u> | <u>Appropriation</u> |
| 9  | Salaries and wages | \$25,763,358       | (\$25,763,358)      | \$0                  |
| 10 | Operating expenses | 155,308,399        | (77,023,770)        | 78,284,629           |
| 11 | Capital assets     | 108,934            | (108,934)           | 0                    |
| 12 | Grants             | <u>11,812,627</u>  | <u>6,966,375</u>    | <u>18,779,002</u>    |
| 13 | Total all funds    | \$192,993,318      | (\$95,929,687)      | \$97,063,631         |
| 14 | Less other funds   | <u>118,894,310</u> | <u>(71,526,221)</u> | <u>47,368,089</u>    |
| 15 | Total general fund | \$74,099,008       | (\$24,403,466)      | \$49,695,542         |

16 Subdivision 3.

17 BEHAVIORAL HEALTH

|    |                             |                    |                     |                      |
|----|-----------------------------|--------------------|---------------------|----------------------|
| 18 |                             |                    | Adjustments or      |                      |
| 19 |                             | <u>Base Level</u>  | <u>Enhancements</u> | <u>Appropriation</u> |
| 20 | Salaries and wages          | \$8,792,675        | (\$8,792,675)       | \$0                  |
| 21 | Operating expenses          | 79,381,458         | 23,888,138          | 103,269,596          |
| 22 | Grants                      | 40,476,298         | 21,889,322          | 62,365,620           |
| 23 | Behavioral health clinics   | 196,383,945        | (139,978,713)       | 56,405,232           |
| 24 | State hospital              | 94,826,973         | 256,053,182         | 350,880,155          |
| 25 | Opioid addiction prevention | <u>2,000,000</u>   | <u>6,000,000</u>    | <u>8,000,000</u>     |
| 26 | Total all funds             | \$421,861,349      | \$159,059,254       | \$580,920,603        |
| 27 | Less other funds            | <u>113,955,941</u> | <u>285,267,537</u>  | <u>399,223,478</u>   |
| 28 | Total general fund          | \$307,905,408      | (\$126,208,283)     | \$181,697,125        |

29 Subdivision 4.

30 HUMAN SERVICES

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|    |                                   | Adjustments or       |  |
|----|-----------------------------------|----------------------|--|
|    | <u>Base Level</u>                 | <u>Enhancements</u>  | <u>Appropriation</u>                     |
| 1  |                                   |                      |  |
| 2  |                                   |                      |  |
| 3  | Salaries and wages                | \$168,325,918        | (\$168,325,918) \$0                      |
| 4  | Operating expenses                | 88,885,469           | 108,258,236 197,143,705                  |
| 5  | Capital assets                    | 10,000               | 0 10,000                                 |
| 6  | Grants                            | 621,189,007          | 94,393,260 715,582,267                   |
| 7  | Life skills and transition center | 44,992,263           | (29,784,605) 15,207,658                  |
| 8  | Grants - medical assistance       | 742,793,564          | 7,655,079 750,448,643                    |
| 9  | County social services            | <u>197,663,661</u>   | <u>6,928,621</u> <u>204,592,282</u>      |
| 10 | Total all funds                   | \$1,863,859,882      | \$19,124,673 \$1,882,984,555             |
| 11 | Less other funds                  | <u>1,240,409,529</u> | <u>(13,961,485)</u> <u>1,226,448,044</u> |
| 12 | Total general fund                | \$623,450,353        | \$33,086,158 \$656,536,511               |
| 13 | Subdivision 5.                    |                      |  |

MEDICAL SERVICES

|    |                             | Adjustments or       |   |
|----|-----------------------------|----------------------|---|
|    | <u>Base Level</u>           | <u>Enhancements</u>  | <u>Appropriation</u>                    |
| 15 |                             |                      |   |
| 16 |                             |                      |   |
| 17 | Salaries and wages          | \$21,008,344         | (\$21,008,344) \$0                      |
| 18 | Operating expenses          | 70,807,977           | 92,364,562 163,172,539                  |
| 19 | Grants                      | 1,651,004            | 1,806,800 3,457,804                     |
| 20 | Grants - medical assistance | <u>2,682,778,803</u> | <u>6,500,467</u> <u>2,689,279,270</u>   |
| 21 | Total all funds             | \$2,776,246,128      | \$79,663,485 \$2,855,909,613            |
| 22 | Less other funds            | <u>1,818,029,530</u> | <u>(7,372,459)</u> <u>1,810,657,071</u> |
| 23 | Total general fund          | \$958,216,598        | \$87,035,944 \$1,045,252,542            |

24 Subdivision 6.

PUBLIC HEALTH

|    |                    | Adjustments or      |                       |
|----|--------------------|---------------------|-----------------------|
|    | <u>Base Level</u>  | <u>Enhancements</u> | <u>Appropriation</u>  |
| 26 |                    |                     |                       |
| 27 |                    |                     |                       |
| 28 | Salaries and wages | \$60,415,388        | (\$60,415,388) \$0    |
| 29 | Operating expenses | 37,721,213          | 17,853,669 55,574,882 |
| 30 | Capital assets     | 1,469,780           | 2,215,838 3,685,618   |
| 31 | Grants             | 81,718,145          | 4,245,496 85,963,641  |

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|   |                              |                    |                     |                    |
|---|------------------------------|--------------------|---------------------|--------------------|
| 1 | Tobacco prevention           | 13,063,162         | (22,607)            | 13,040,555         |
| 2 | Women, infants, and children | 19,900,000         | 1,100,000           | 21,000,000         |
| 3 | food payments                |                    |                     |                    |
| 4 | Cares Act/COVID-19           | <u>83,909,182</u>  | <u>1,845,373</u>    | <u>85,754,555</u>  |
| 5 | Total all funds              | \$298,196,870      | (\$33,177,619)      | \$265,019,251      |
| 6 | Less other funds             | <u>250,440,690</u> | <u>(20,626,287)</u> | <u>229,814,403</u> |
| 7 | Total general fund           | \$47,756,180       | (\$12,551,332)      | \$35,204,848       |

8 Subdivision 7.

9 TOTAL - SECTION 1

|    |                                |                      |                     |                      |
|----|--------------------------------|----------------------|---------------------|----------------------|
| 10 |                                |                      | Adjustments or      |                      |
| 11 |                                | <u>Base Level</u>    | <u>Enhancements</u> | <u>Appropriation</u> |
| 12 | Grand total all funds          | \$5,553,157,547      | \$725,024,881       | \$6,278,182,428      |
| 13 | Grand total other funds        | <u>3,541,730,000</u> | <u>458,501,235</u>  | <u>4,000,231,235</u> |
| 14 | Grand total general fund       | \$2,011,427,547      | \$266,523,646       | \$2,277,951,193      |
| 15 | Full-time equivalent positions | 2,483.83             | 204.52              | 2,688.35             |

16 **SECTION 2. ONE TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

17 **SEVENTIETH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
18 items included in section 1 of this Act which are not included in the entity's base budget for the  
19 2027-29 biennium and which the entity shall report to the appropriations committees of the  
20 seventieth legislative assembly regarding the use of this funding:

|    |  |                     |                    |              |
|----|--|---------------------|--------------------|--------------|
| 21 | <u>One-Time Funding Description</u>    | <u>General Fund</u> | <u>Other Funds</u> | <u>Total</u> |
| 22 | Technology projects                    | \$0                 | \$10,263,000       | \$10,263,000 |
| 23 | Human service centers and life skills  | 0                   | 1,052,480          | 1,052,480    |
| 24 | and transition center projects         |                     |                    |              |
| 25 | Retire mainframe                       | 0                   | 15,000,000         | 15,000,000   |
| 26 | Child care programs                    | 13,272,500          | 0                  | 13,272,500   |
| 27 | Housing programs                       | 0                   | 1,000,000          | 1,000,000    |
| 28 | State laboratory move and equipment    | 0                   | 2,962,304          | 2,962,304    |
| 29 | Partial hospitalization day treatment  | 0                   | 2,000,000          | 2,000,000    |
| 30 | Developmental disabilities eligibility | 200,000             | 200,000            | 400,000      |
| 31 | assessment tool for kids               |                     |                    |              |

|    |                                     |              |                  |                  |
|----|-------------------------------------|--------------|------------------|------------------|
| 1  | Toxicology equipment                | 151,500      | 100,000          | 251,500          |
| 2  | New state hospital                  | 0            | 330,000,000      | 330,000,000      |
| 3  | Behavioral health facility grant    | 0            | 12,960,000       | 12,960,000       |
| 4  | Cultural community center grant     | 0            | 1,000,000        | 1,000,000        |
| 5  | Adaptive recreation grant           | 200,000      | 0                | 200,000          |
| 6  | Intermediate care facility grant    | 3,457,736    | 0                | 3,457,736        |
| 7  | Juvenile justice diversion services | 750,000      | 0                | 750,000          |
| 8  | Animal shelter grant                | 0            | 300,000          | 300,000          |
| 9  | Statewide health strategies         | 0            | 750,000          | 750,000          |
| 10 | Critical access hospital networking | <u>0</u>     | <u>2,000,000</u> | <u>2,000,000</u> |
| 11 | Total                               | \$18,031,736 | \$379,587,784    | \$397,619,520    |

**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

1 is authorized to transfer appropriation authority of up to the underfunded amount of \$30,000,000  
2 to the salaries and wages block grant line item. The department of health and human services  
3 shall report to the office of management and budget and legislative council any adjustments to  
4 full-time equivalent positions.

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

- 10 1. The legislative appropriation for salaries and wages allocated by the department to  
11 major department programs by funding source and the number of FTE positions the  
12 department is allocating to each major program based on the legislative appropriation;
- 13 2. Any changes to salaries and wages funding or FTE positions allocated to major  
14 department programs;
- 15 3. Any new FTE positions added, the cost of the position for the remainder of the  
16 biennium, and the cost to continue funding the position in the subsequent biennium by  
17 funding source;
- 18 4. Any FTE positions removed and related funding;
- 19 5. The number of FTE positions that become vacant and the number filled each month;
- 20 6. The number of vacant FTE positions at the end of each month;
- 21 7. Salaries and wages savings resulting from vacant positions and employee turnover  
22 each month by funding source; and
- 23 8. The use of salaries and wages savings for other purposes for each month by funding  
24 source.

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

- 27 1. Section 1 of this Act includes the sum of \$12,960,000 from the strategic investment  
28 and improvements fund for a behavioral health facility grant pursuant to this section.
- 29 2. A grant of \$12,960,000 must be provided to establish a behavioral health facility in the  
30 northeast human service region. The grant recipient must provide matching funds of  
31 \$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. COMMUNITY CULTURAL CENTER GRANT - STRATEGIC INVESTMENT**

**AND IMPROVEMENTS FUND - APPLICATION.** Section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for the purpose of providing a one-time community cultural center 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 it has secured at least fifty percent of funds needed to complete the project, the project will be completed within two years of receiving the grant funds, and the grants funds will be used only for costs of constructing a 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 8. JUVENILE JUSTICE DIVERSION SERVICES AND PROGRAMS - TASK**

**FORCE - REPORT.** Section 1 of this Act includes the sum of \$750,000 from the general 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 9. ANIMAL SHELTER GRANT - COMMUNITY HEALTH TRUST FUND.**

Section 1 of this Act includes the sum of \$300,000 from the community health trust fund for a grant for the construction of an animal shelter. The department of health and human services may award a grant for the construction of an animal shelter to an organization that provides twenty dollars of nonstate matching funds for every dollar of grant funds received. 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.

1       **SECTION 10. STATEWIDE HEALTH STRATEGIES - COMMUNITY HEALTH TRUST**

2       **FUND.** Section 1 of this Act includes the sum of \$750,000 of one-time funding from the  
3 community health trust fund for the statewide health strategies initiative. The department of  
4 health and human services may spend the funding upon securing dollar-for-dollar matching  
5 funds.

6       **SECTION 11. OTHER FUNDS - INSURANCE TAX DISTRIBUTION FUND.** The other funds  
7 line item in subdivision 5 of section 1 of this Act includes the sum of \$1,125,000 from the  
8 insurance tax distribution fund for rural emergency medical services grants.

9       **SECTION 12. OTHER FUNDS - COMMUNITY HEALTH TRUST FUND.** The other funds  
10 line items in section 1 of this Act includes the sum of \$38,713,522 from the community health  
11 trust fund for the following purposes:

|    |  |                |
|----|--|----------------|
| 12 | Loan repayment programs  | \$594,500      |
| 13 | Tobacco and vaping programs                                    | 11,599,698     |
| 14 | Cancer and women's way programs                                | 909,824        |
| 15 | Behavior risk state survey                                     | 200,000        |
| 16 | Domestic violence programs                                     | 4,250,000      |
| 17 | Local public health grants                                     | 3,275,000      |
| 18 | 988 crisis hotline   | 1,867,500      |
| 19 | Various information technology system upgrades                 | 2,967,000      |
| 20 | Grants to rural ambulances                                     | 7,000,000      |
| 21 | Law enforcement rural crisis support program                   | 1,000,000      |
| 22 | Development of partial hospitalization/intensive day treatment | 2,000,000      |
| 23 | Critical access hospital networking                            | 2,000,000      |
| 24 | Animal shelter grant   | 300,000        |
| 25 | Statewide health strategies                                    | <u>750,000</u> |
| 26 | Total  | \$38,713,522   |

27       **SECTION 13. OTHER FUNDS - HUMAN SERVICE FINANCE FUND.** The other funds line  
28 items in section 1 of this Act includes the sum of \$239,112,030 from the human service finance  
29 fund for state-paid economic assistance and social and human services.



**SECTION 14. 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 15. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS**

**FUND.** The other funds line items in section 1 of this Act includes the sum of \$227,474,784 from the strategic investment and improvements fund for the following purposes:

|   |                  |
|---|------------------|
| Retiring technology from the mainframe  | \$7,500,000      |
| Move into the new state laboratory and purchase security equipment              | 2,962,304        |
| Capital projects in human service centers and life skills and transition center | 1,052,480        |
| Housing initiative programs   | 1,000,000        |
| Technology projects at the state hospital                                       | 1,000,000        |
| New state hospital  | 200,000,000      |
| Behavioral health facility grant  | 12,960,000       |
| Community cultural center grant   | <u>1,000,000</u> |
| Total   | \$227,474,784    |

**SECTION 16. OTHER FUNDS - BANK OF NORTH DAKOTA LINE OF CREDIT - STATE**

**HOSPITAL PROJECT.** The other funds line item in subdivision 2 of section 1 of this Act includes \$130,000,000 from a Bank of North Dakota line of credit. The department of health and human services may borrow up to \$130,000,000 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 the construction of a new state hospital. 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 17. 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, office of management and budget, the governor's office, and the legislative assembly. The legislative assembly representation must include one member

1 of the senate appointed by the senate majority leader, one member of the house appointed by  
2 the house majority leader, and one member of the minority party from either the senate or the  
3 house appointed by the minority leaders of the senate and the house.

4 **SECTION 18. NEW STATE HOSPITAL - STEERING COMMITTEE.** The department of  
5 health and human services shall establish a new state hospital facility steering committee to  
6 oversee the design and construction of a new state hospital facility, for the biennium beginning  
7 July 1, 2025, and ending June 30, 2027. The committee must include one member of the  
8 senate appointed by the senate majority leader, one member of the house appointed by the  
9 house majority leader, and one member of the minority party from either the senate or the  
10 house appointed by the minority leaders of the senate and the house.

11 **SECTION 19. CAPITAL PAYMENTS.** During the biennium beginning July 1, 2025, and  
12 ending June 30, 2027, the department of health and human services is authorized to expend  
13 funds for the payment of special assessments at the state hospital, southeast human service  
14 center, and life skills and transition center. Pursuant to section 3 of this Act, the director of the  
15 office of management and budget may transfer appropriation authority between line items within  
16 section 1 of this Act and any remaining appropriation authority for the department of health and  
17 human services approved by the sixty-ninth legislative assembly. The department of health and  
18 human services may transfer funds for the payment of special assessments at the state  
19 hospital, southeast human service center, and life skills and transition center ahead of the  
20 special needs assessments schedule. Notwithstanding section 54-27-12, the department of  
21 health and human services may spend funds for the payment of special assessments at the  
22 state hospital and life skills and transition center.

23 **SECTION 20. CAPITAL PROJECTS - EMERGENCY COMMISSION AND BUDGET**

24 **SECTION APPROVAL.** During the biennium beginning July 1, 2025, and ending June 30, 2027,  
25 pursuant to section 3 of this Act, the director of the office of management and budget may  
26 transfer appropriation authority between line items within section 1 of this Act and any remaining  
27 appropriation authority for the department of health and human services approved by the sixty-  
28 ninth legislative assembly for capital projects and maintenance pertaining to operation of its  
29 facilities, including demolition projects. Notwithstanding section 54-27-12, the department of  
30 health and human services may spend up to \$10,000,000 for capital projects and maintenance  
31 pertaining to operation of its facilities, including demolition projects, under this section and may

1 seek emergency commission and budget section approval to spend more than \$10,000,000  
2 under this section.

3 **SECTION 21. PERMANENT SUPPORTIVE HOUSING GRANTS.** Section 1 of this Act  
4 includes the sum of \$4,672,536 from the general fund for permanent supportive housing grants.  
5 The department of health and human services shall develop a funding methodology to distribute  
6 the funding to qualified entities that utilize best practices for permanent supportive housing,  
7 provide recovery-oriented and person-centered services, submit process and outcome  
8 measures to the department of health and human services, and authorize the department of  
9 health and human services to conduct onsite visits to review program operations.

10 **SECTION 22. EXPENDITURES MAY NOT EXCEED APPROPRIATION - MEDICAL**  
11 **ASSISTANCE EXPANSION PROGRAM - APPLICATION.**

- 12 1. Section 1 of this Act includes the sum of \$662,099,340, of which \$66,209,934 is from  
13 the general fund, for the medical assistance expansion program, for the biennium  
14 beginning July 1, 2025, and ending June 30, 2027. The expenditures for individuals  
15 eligible for the medical assistance expansion program may not exceed this amount.
- 16 2. The department of health and human services may exceed appropriations for  
17 increases in medical assistance expansion program caseload, for the addition of  
18 coverage consistent with the traditional Medicaid 1915(i) state plan, utilization rates,  
19 and reduction in federal medical assistance percentage.
- 20 3. The managed care organization under contract with the department of health and  
21 human services to manage the medical assistance expansion program shall reimburse  
22 providers within the same provider type and specialty at consistent levels and with  
23 consistent methodology and may not provide incentive, quality, or supplemental  
24 payments to providers, unless part of a value-based program approved by the  
25 department of health and human services. The managed care organization shall  
26 reimburse all North Dakota substance use providers of American society of addiction  
27 medicine level 2.5 at consistent levels and with consistent methodology. The managed  
28 care organization may consider urban and rural providers as different provider types.
- 29 4. The managed care organization and the department of health and human services  
30 shall ensure payments to Indian or Tribal 638 health care providers, federally qualified  
31 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 23. 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 legislative council each time a position is added.

**SECTION 24. 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.

- 1       **SECTION 25. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following  
2 appropriations are not subject to the provisions of section 54-44.1-11 and any unexpended  
3 appropriation authority may be continued into the biennium beginning July 1, 2025, and ending  
4 June 30, 2027:
- 5       1. The sum of \$3,674,757 appropriated from the general fund and the sum of  
6       \$25,918,566 appropriated from federal funds for the Medicaid management  
7       information system modularization technology project in chapter 12 of the 2021  
8       Session Laws;
  - 9       2. The sum of \$14,411,218 appropriated from the general fund and the sum of  
10      \$14,411,218 appropriated from federal funds for the child welfare technology project in  
11      chapter 12 of the 2021 Session Laws;
  - 12      3. The sum of \$20,366,271 appropriated from the community health trust fund and the  
13      sum of \$39,534,525 appropriated from federal funds for the child support computer  
14      replacement project in chapter 44 of the 2023 Session Laws;
  - 15      4. The sum of \$10,989,217 appropriated from the strategic investment and  
16      improvements fund for the procurement and grants management system in chapter 44  
17      of the 2023 Session Laws;
  - 18      5. The sum of \$4,150,000 appropriated from the general fund for defraying the expenses  
19      of additional human service centers to begin the process of becoming a certified  
20      community behavioral health clinic to provide continuous community-based behavioral  
21      health services for children and adults in chapter 44 of the 2023 Session Laws;
  - 22      6. The sum of \$18,941,847 appropriated to the department of health and human services  
23      in chapter 549 of the 2021 Special Session Laws;
  - 24      7. The sum of \$55,120,000 appropriated from the federal state fiscal recovery fund for a  
25      public health laboratory capital project in chapter 4 of the 2023 Session Laws;
  - 26      8. The sum of \$5,000,000 appropriated from the general fund for the purpose of  
27      employer-led child care cost-share program in chapter 446 of the 2023 Session Laws;
  - 28      9. The sum of \$986,555 appropriated from the general fund for the purpose of  
29      streamlining background checks project in chapter 446 of the 2023 Session Laws;

1       10.   The sum of \$2,223,981 appropriated from the federal state fiscal recovery fund for the  
2           implementation of a virtual behavioral health crisis care program for rural law  
3           enforcement in chapter 44 of the 2023 Session Laws; and

4       11.   The sum of \$500,000 appropriated from the general fund and the sum of \$500,000  
5           appropriated from federal funds for the purpose of program integrity audits in  
6           chapter 44 of the 2023 Session Laws.

7       12.   The sum of \$1,950,000 appropriated from the general fund to the department of health  
8           and human services for a northwest human service region behavioral health facility  
9           grant in chapter 44 of the 2023 Session Laws.

10       **SECTION 26. LEGISLATIVE INTENT - UTILIZATION RATE ADJUSTMENT.** It is the intent  
11       of the sixty-ninth legislative assembly that the department of health and human services seek a  
12       deficiency appropriation from the seventieth legislative assembly for any expenditures that  
13       exceed appropriated amounts as a result of underfunding, utilization rates, value-based  
14       purchasing for nursing facilities, reduction in federal medical assistance percentage, and  
15       unexpected contract cost increases that exceed ten percent, during the biennium beginning  
16       July 1, 2025, and ending June 30, 2027, if funding is not sufficient to pay actual expenses.

17       **SECTION 27. LEGISLATIVE INTENT - PROVIDER RATE INCREASE.** Except as  
18       otherwise noted, section 1 of this Act includes funding for human service provider inflation  
19       increases of two percent for each year of the biennium beginning July 1, 2025, and ending  
20       June 30, 2027. The provider inflation increase in this section does not apply to nursing facilities.

21       **SECTION 28. LEGISLATIVE INTENT - DEVELOPMENTAL DISABILITIES PROVIDER**  
22       **ACCREDITATION REQUIREMENT.** It is the intent of the sixty-ninth legislative assembly that  
23       the department of health and human services eliminate its administrative rule requirement that  
24       providers of developmental disabilities services be accredited as a condition of being eligible for  
25       receiving payments for services from the department of health and human services.

26       **SECTION 29. LEGISLATIVE INTENT - MEDICAL ASSISTANCE.** It is the intent of the  
27       sixty-ninth legislative assembly that the department of health and human services review the  
28       amount, duration, coverage, utilization rates, medical necessity, and scope of medical  
29       assistance services, and may implement any adjustments the department determines  
30       appropriate.

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

7       **SECTION 31. DEPARTMENT OF HEALTH AND HUMAN SERVICES - LONG-TERM**  
8 **STRUCTURED RESIDENCES PLAN - REPORT.** During the 2025-26 interim, the department of  
9 health and human services shall review options and develop a plan to establish long-term  
10 structured residences. The department shall review necessary changes to statutes, rules,  
11 policies, and the estimated fiscal impact of establishing the residences. A long-term structured  
12 residence must be a highly structured therapeutic residential mental health treatment facility  
13 that is staffed continuously and designed to treat adults under chapters 12.1-04.1 and 25-03.1  
14 who have severe and persistent mental illness and who have reached the maximum benefit  
15 from the mental health resources available elsewhere in the community or hospital. The  
16 department shall present a report to the legislative management by October 1, 2026, regarding  
17 its plan to establish long-term structured residences.

18       **SECTION 32. AMENDMENT.** Section 50-06-06.6 of the North Dakota Century Code is  
19 amended and reenacted as follows:

20       **50-06-06.6. Department may lease real and personal property.**

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

1       **SECTION 33. AMENDMENT.** Section 50-06-42 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **50-06-42. Substance use disorder treatment voucher system - Mental health**  
4 **treatment voucher system for incarcerated individuals.**

5       1. The department shall establish and administer, within the limits of legislative  
6 appropriations, a voucher system to address underserved areas and gaps in the  
7 state's substance abuse treatment system and to assist in the payment of addiction  
8 treatment services and medical costs provided by licensed substance abuse treatment  
9 programs, excluding regional human service centers and hospital- or medical clinic-  
10 based programs for medical management of withdrawal.

11       a. An out-of-state licensed substance abuse treatment program located within a  
12 bordering state may participate in the voucher program to serve an underserved  
13 area of this state pursuant to the rules adopted by the department. The  
14 department shall develop rules to include processes and requirements for an  
15 out-of-state provider to receive reimbursement only for outpatient and  
16 community-based services upon a provider completing an assessment of need  
17 and receiving approval from the department.

18       2-b. Services eligible for the voucher program include only those levels of care  
19 recognized by the American society of addiction medicine, with particular  
20 emphasis given to underserved areas and programs. The department shall  
21 ensure that a licensed substance abuse treatment program, hospital, and  
22 medical clinic program accepting vouchers collects and reports process and  
23 outcome measures.

24       3-c. The department shall develop requirements and provide training and technical  
25 assistance to a licensed substance abuse treatment program, hospital, and  
26 medical clinic program accepting vouchers. A licensed substance abuse  
27 treatment program, hospital, and medical clinic program accepting vouchers shall  
28 provide evidence-based services.

29       4-d. The department shall allocate funding appropriated for the substance use  
30 disorder treatment voucher as follows:

31       a. ~~No~~



1           (1) Except as provided in paragraphs 3 and 4, no more than ~~forty-five~~ fifty  
2           percent of the appropriated amount may be allocated for residential  
3           substance use disorder services administered by licensed substance abuse  
4           treatment programs with more than sixteen beds.

5           ~~b. (2)~~ The remaining appropriation must be allocated for residential programs with  
6           sixteen or fewer beds, nonresidential outpatient, and ancillary substance  
7           use disorder services administered by licensed substance abuse treatment  
8           programs.

9           (3) The department, during the last quarter of the biennium, may reallocate  
10          projected unused funds that were allocated under paragraph 2 to residential  
11          facilities outlined in paragraph 1.

12          (4) The department may reimburse a licensed substance abuse treatment  
13          program with more than sixteen beds the incurred direct medical costs of an  
14          eligible individual who does not have resources to cover the medical costs.  
15          The department may develop rules and may not exceed the total amount  
16          appropriated for medical cost reimbursement.

17          2. The department shall establish and administer, within the limits of legislative  
18          appropriations, a voucher system to address underserved areas and gaps in the  
19          state's mental health treatment system for individuals detained or confined in a county  
20          jail or detention center or regional corrections center and to assist in the payment of  
21          mental health treatment services provided by a licensed mental health professional  
22          acting within their scope of practice, excluding a regional human service center.

23          a. Services eligible for the voucher program include only diagnostic assessment  
24          and mental health therapy for individuals with a mental health concern detained  
25          or confined in a county jail or detention center or regional corrections center. The  
26          department shall ensure that a licensed mental health professional accepting  
27          vouchers collects and reports process and outcome measures.

28          b. The department shall develop requirements and provide training and technical  
29          assistance to licensed mental health professionals accepting vouchers. A  
30          licensed mental health professional shall provide evidence-based services.

1       **SECTION 34. AMENDMENT.** Section 50-24.5-02.3 of the North Dakota Century Code is  
2 amended and reenacted as follows:

3       **50-24.5-02.3. Basic care payment rates.**

- 4       1. The department shall determine limits for the care of residents of basic care facilities  
5       that qualify as vendors of an aged, blind, and disabled persons program and for  
6       implementing provisions of this chapter based on data demonstrating the most recent  
7       costs that must be incurred for the care of residents in efficiently and economically  
8       operated basic care facilities. The department shall determine the limits every four  
9       years by July first, beginning with July 1, 2023.
- 10      2. The department shall establish the limits by using the median rates from the most  
11      recent data available. The direct care limit must be the median plus eighteen percent.  
12      The indirect care limit must be the median plus twelve percent.
- 13      3. For the rate year beginning July 1, 2023, the department shall increase rates and  
14      limits three and one-half percent for inflation. For the rate year beginning July 1, 2024,  
15      the department shall increase rates and limits three and one-half percent for inflation.
- 16      4. The department shall provide a rate increase in the amount of five dollars per day for  
17      the period beginning July 1, 2023, and ending June 30, ~~2025~~2027, after which the  
18      increase is not effective. This rate increase may not be included in any calculation of  
19      inflation increase.
- 20      5. Within the limits of legislative appropriations, the department shall establish an  
21      uncompensated care expense of three hundred sixty-five days.

22       **SECTION 35. AMENDMENT.** Section 50-33-05 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24       **50-33-05. State of residence.**

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

29       **SECTION 36. HOUSING AVAILABILITY ASSESSMENT - COLLABORATION WITH**  
30 **HOUSING FINANCE AGENCY.** The department of health and human services shall collaborate  
31 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 37. 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    | \$156,967,103     |
| b. Operating and capital | <u>64,131,965</u> |
| c. Total                 | \$221,099,068     |

2. State hospital:

|                          |                    |
|--------------------------|--------------------|
| a. Salaries and wages    | \$68,775,551       |
| b. Operating and capital | <u>350,880,155</u> |
| c. Total                 | \$419,655,706      |

3. Life skills and transition center:

|                          |                   |
|--------------------------|-------------------|
| a. Salaries and wages    | \$55,540,213      |
| b. Operating and capital | <u>15,207,658</u> |
| c. Total                 | \$70,747,871      |

**SECTION 38. 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 39. LEGISLATIVE MANAGEMENT STUDY - OBESITY HEALTH**

**IMPLICATIONS.** The legislative management shall consider studying, during the 2025-26 interim, the health implications of obesity on the residents of the state and options to increase access to prevention and treatments for obesity. If conducted, the study must review costs associated with obesity including comorbidities, treatments available for obesity, obesity

1 diagnosis guidelines including use of body mass index compared with percentage of body fat,  
2 and examining the difference between being an individual who is healthy and overweight as  
3 compared to an obese individual. The legislative management shall report its findings and  
4 recommendations, together with any legislation necessary to implement its recommendations,  
5 to the seventieth legislative assembly.

6 **SECTION 40. LEGISLATIVE MANAGEMENT STUDY- DISABILITY SERVICES.**

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

24 **SECTION 41. APPROPRIATION - COMMUNITY HEALTH TRUST FUND - LEGISLATIVE**  
25 **COUNCIL - DISABILITY SERVICES - ONE-TIME FUNDING.** There is appropriated out of any  
26 moneys in the community health trust fund, not otherwise appropriated, the sum of \$150,000, or  
27 so much of the sum as may be necessary, to the legislative council for the purpose of  
28 contracting for consulting services for the study provided for in section 40 of this Act, for the  
29 biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation provided in this  
30 section is considered a one-time funding item.

1       **SECTION 42. LEGISLATIVE MANAGEMENT REPORT - BEHAVIORAL HEALTH**

2       **FACILITY GRANTS.** During the 2025-26 interim the department of health and human services  
3       shall provide reports to the legislative management regarding the award of grant funding to  
4       increase the number of behavioral health beds in the state.

5       **SECTION 43. EFFECTIVE DATE.** Section 33 of this Act becomes effective on July 1, 2026.