

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 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 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~~for 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

Base Level

Enhancements

Appropriation

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1	Salaries and wages block grant	\$0	\$596,284,775	\$596,284,775
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. APPROPRIATION - MEDICAL HOUSING FOR INDIVIDUALS WITH
EXTRAORDINARY MEDICAL NEEDS - ONE-TIME FUNDING.**

1. There is appropriated out of any moneys in the general fund in the state treasury, the sum of \$200,000, or so much of the sum as may be necessary, to the department of health and human services for the purpose of 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 non-profit 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 8. 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

1 extraordinary medical needs. A construction project may include a land purchase and
2 the construction costs of the project. The applicant must comply with project
3 requirements as approved by the department of health and human services and the
4 North Dakota housing finance agency.

5 2. The extraordinary medical needs housing loan fund is a special fund maintained in the
6 state treasury from which the Bank shall provide loans under this section. The fund
7 consists of revenues transferred under legislative authorization, interest upon moneys
8 in the fund, and collections of interest and principal on loans made from the fund. All
9 moneys in the fund are appropriated on a continuing basis to the Bank for the purpose
10 of providing loans under this section.

11 3. The developer of the housing facility for individuals with disabilities that have
12 extraordinary medical needs may submit an application to the Bank for a loan. The
13 application must:

14 a. Provide detail on the proposed construction project and its compliance with the
15 department of health and human services and the North Dakota housing finance
16 agency requirements;

17 b. Demonstrate the need and long-term viability of the project; and

18 c. Include financial information the Bank determines appropriate to verify eligibility.

19 4. A loan approved under this section:

20 a. May not exceed three million three hundred thousand dollars for a project;

21 b. Must have an interest rate that does not exceed two percent; and

22 c. Must have a repayment schedule of no longer than twenty years.

23 5. A recipient of a loan under this section shall complete the financed construction project
24 within twenty-four months of the approval of the loan. Failure to comply with this
25 subsection may result in forfeiture of the entire loan received under this section.

26 6. The Bank shall deposit in the fund all principal and interest paid on the loans made
27 from the fund. The Bank may deduct from interest payments a service fee for costs of
28 administering the loan program. The fund must be audited annually pursuant to
29 section 6-09-29 and the cost of the audit and any other actual costs incurred by the
30 Bank on behalf of the fund must be paid from the fund.

SECTION 9. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - EXTRAORDINARY MEDICAL NEEDS HOUSING LOAN FUND. The office of management and budget shall transfer the sum of \$3,300,000 from the strategic investment and improvements fund to the extraordinary medical needs housing loan fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 10. 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 11. 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 12. 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 13. 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 14. OTHER FUNDS - INSURANCE TAX DISTRIBUTION FUND.** The other
7 funds 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 15. 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 16. 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 17. 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 18. 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 19. 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 20. 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 21. 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 22. 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 23. 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 24. 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 25. 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 26. 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 27. 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 28. 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; ~~and~~ and

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 29. 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 30. 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 31. 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 32. 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 33. 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 dues 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 34. 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 35. 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 36. 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 37. 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 38. 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 39. 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 40. 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 41. 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 42. 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 43. LEGISLATIVE MANAGEMENT REPORT - BEHAVIORAL HEALTH**

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

10 **SECTION 44. EFFECTIVE DATE.** Section 33 of this Act becomes effective on July 1, 2026.