

Testimony
Engrossed House Bill No. 1046
Senate Human Services Committee
Senator Judy Lee, Chair
March 20, 2023

Chair Lee, members of the Senate Human Service Committee, I am Kristen Hasbargen, Director of Zone Operations with the Department of Health and Human Services (Department). I appear before you to support of Engrossed House Bill 1046, which was introduced on behalf of the Department.

The bill contains updates to North Dakota Century Code related to direct and indirect costs, billing practices, and payments to human service zones, human service zones agreements and plans, creation of human service zones, human service zone directors, and human service zone indirect cost plans.

Section 1. The proposed changes in Section 1 of this bill amend the definitions of direct costs to add language regarding operating costs to include "approved by the department and" not identified by the department as an indirect cost.

The proposed change to the definition of "indirect costs" adds reference to "remodeling, construction, and improvement costs" and includes clarification that "Indirect costs may not include non-space and non-facility costs and expenses that are exclusively attributable to the human service zones".

Section 2. The proposed changes to North Dakota Century Code 50-01.1-02-3 remove references to dates and actions that were only

relevant to the initial establishment of human service zones, adds reference to "proposed effective date" as a required element of an agreement, and adds "within six months of receiving the plan" as the timeframe for approval by the department.

Page 3 lines 28-31 adds language intended to create a process to address changes in zone designations and affiliations by stating that "If counties do not submit an agreement or plan or if the agreement or plan is rescinded or terminated by the constituent counties or by the department pursuant to sections 50-01.1-02, 50-01.1-04, or 50-01.1-08, the department shall create the human service zone." The department anticipates that this clause could be used to address situations where a county wants to or is asked to exit a zone group, where a change in host county is desired, or in situations where zone operations and overall delivery of human services will be compromised without action.

Section 3. The proposed changes to Section 50-01.1-03 of North Dakota Century Code and address factors the department shall consider in creation of zones. Subsection 1 adds "human" to "social, and economic assistance services" and adds "Budget impact" as subdivision m of subsection 1.

Subsection 2 adds language consistent with the proposed amendment in Section 2 of this Bill by adding "rescinded", "terminated", and "pursuant to sections 50-01.1-02, 50-01.1-04, or 50-01.1-08" to "modified", as potential actions the department can take after a human service zone is initially approved, and references that processes for doing so be established in accordance with the language outlined in Section 2 of this Bill.

Section 4. The proposed changes in this section amend North Dakota Century Code Section 50-01.1-04. Subsection 1 references the

language, in part, proposed in Section 2 of this Bill when describing the “definite term” of plans that have been approved. Subsection 2 adds language intended to clarify processes for billing and reimbursement of expenses incurred by human service zones in the delivery of services and clarifies that “indirect cost payments received by the human service zone are not required to be deposited in the special human service zone human services fund”.

Section 5. The proposed changes in this section amend North Dakota Century Code Section 50-01.1-06 by removing “and located within the human service zone, unless serving more than one human service zone” to clarify that there is no requirement for human service zone director to live within the boundaries of the human service zone.

Section 6. The proposed changes in this section amend North Dakota Century Code Section 50-01.1-08 by adding “including a grievance process” when referencing progressive discipline with the zones and adds “rescind” to subdivision c of subsection 4.

Section 7. The changes proposed in this section offer the same amendments to the definitions of “direct cost” and “indirect cost” as was outlined in Section 1 of this Bill. Section 1 amends North Dakota Century Code 50-01.1-01 and Section 7 amends North Dakota Century Code 50-35-01.

Section 8. The proposed changes in this section amend North Dakota Century Code 50-35-04 regarding calculation of human service zone payments. Subsection 4 removes reference to the dates associated with the 2021-23 legislative biennium and replaces “may not be less than the prorated amount paid to counties for this purpose in state fiscal year 2018” with “must be within legislative appropriation and based on the annual” indirect cost plan. This change is intended to better align the

calculation of indirect cost payments with the state biennial budget. The proposed change also notes that this modification starts "August 1, 2023, for the counties to budget for the 2024 fiscal year" and clarifies that the "2023 cost allocation plan will be based on the requested information received from the counties".

Subsection 7 is added to 50-35-04 to clarify that "counties shall provide the requested information for the cost allocation plan by September fifteenth of each year" to support the calculation process outlined in subsection 4 that indicates the "cost allocation plan will be based on information received from the counties". The changes proposed in this subsection also outline that the department will provide notice of non-receipt of information to the county and establishes that "counties may not participate in the cost allocation plan and shall be responsible for one hundred percent of all indirect costs" if they fail to submit the requested information within the timeframes established.

Subsection 8 adds language that permits the department to "reimburse all indirect costs associated with a statewide pilot project, service, or program performed by a human service zone". As collaboration between human service zones continues to increase, the ability to appropriately reimburse human service zones for services delivered is becoming increasingly important.

Section 9. The proposed changes in this section amend North Dakota Century Code 50-35-05 by adding "excluding indirect costs payments" to clarify that indirect costs are not paid from human service zone human services fund.

This concludes by testimony. I would be happy to try to answer any questions the Committee may have.