



**Department of Health and Human Services
Department No. 325
2025 House Bill No. 1012**

**EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM**

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	2,762.35	\$2,360,629,103	\$3,693,933,879	\$6,054,562,982
Base level	2,483.83	2,011,427,547	3,541,730,000	5,553,157,547
Increase (decrease)	278.52 ¹	\$349,201,556	\$152,203,879	\$501,405,435
Percentage increase (decrease)	11.2%	17.4%	4.3%	9.0%

¹Of these positions, 98 FTE positions relate to positions added during the 2023-25 biennium with funding approved by the 2023 Legislative Assembly but for which specific FTE authorization was not increased because of the salary and wages block grant.

NOTE:

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

Selected Highlights

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026.
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee.
- Provides for an additional 75 FTE positions during the 2025-27 biennium, including 45 FTE positions for the human service centers and other additions across the department. During the 2023-25 biennium, the department added 203.52 FTE positions as part of the salary and wages block grant. The department has not provided detail on the position titles or funding for these positions included in the 2025-27 biennium.
- Provides \$93 million, including a reduction of \$123.4 million in federal funds and an increase of \$176.2 million from the general fund for cost to continue, anticipated cost and caseload adjustments, Medicaid Expansion reductions, federal medical assistance percentage changes, and utilization changes in the department's budget.
- The federal medical assistance percentage is estimated in the budget at 50.00 percent for the 2026 and 2027 federal fiscal years. The actual rate for 2026 federal fiscal year will be 50.99 percent.
- Provides \$58.3 million, of which \$29.3 million is from the general fund, for inflationary increases of 2 percent the 1st year of the biennium and 2 percent the 2nd year of the biennium for human service providers in the 2025-27 biennium.
- Adds \$2.5 million of which \$634,154 is from the general fund and \$1.8 million from other funds removed from the Public Health Division to replace funding removed in the 2023-25 biennium for the new and vacant FTE funding pool.
- Provides a \$14.5 million one-time appropriation from the strategic investment and improvements fund (SIIF) for housing initiatives including \$3.5 million for eviction prevention; \$1 million for home renovations for accessibility; and \$10 million for assistance for citizens at risk for housing instability.
- Provides technology investments of \$40.7 million of which \$16 million is a one-time appropriation from SIIF to retire systems from outdated platforms and \$24.7 million for technology contract inflation.
- Continues funding the rural crisis support pilot program created during the 2023 legislative session with \$2 million from the community health trust fund.
- Provides home- and community-based services (HCBS) investments of \$18.8 million of which \$10.3 million is from the general fund. Enhanced programs include services to support transition and diversion from institutions for \$5.3 million; cross-disability waiver implementation for \$5.7 million; and targeted rate increases for qualified service providers and home health providers for \$7.8 million.
- Provides \$12.4 million of which \$7.9 is from the general fund to continue the family paid caregiver pilot program.

- Recommends \$10 million of one-time funding from SIIF to complete construction planning of a new state hospital and authorize proceeding with a new state hospital under a public-private partnership, North Dakota Century Code Chapter 48-02.1.
- Increases home- and community-based care funding by 69 percent for the 2025-27 biennium, including an increase of \$78.5 million from base budget for the aged and disabled waiver and an increase of \$23.4 million for personal care services.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The June 30, 2023, State Auditor's report for the Department of Health and Human Services (DHHS) identified the following audit findings:

- **Workforce retention grants not passed through agencies to caregivers** - The grants are required to be passed through agencies to employees that spend at least 25 percent of their paid time providing direct care and no less than 51 percent of their paid time in a noninstitutional setting. A total of \$7,130 in the sample was given to administrative or other employees with a potential of \$20,434 in potential ineligible payments made to employees that did not qualify for the grant. All nonagency HCBS caregiver grants were paid in accordance with the policies of the department.
- **Ineligible agency employees received workforce retention grants** - Employees that did not qualify for the grant based on not working more than 51 percent of their time in a noninstitutional setting still received a grant. A total of \$26,342 in grants were given to ineligible employees in the sample which projects to potential ineligible payments of \$409,783.
- **No measurement of program goals for workforce retention grants** - The workforce retention incentive program purpose was to stabilize and strengthen the network of direct caregivers who provide HCBS care. The department did not identify any metrics to measure the effectiveness of the program in achieving the intended goal.
- **Weak controls over controlled substances at the State Hospital** - No diversion of controlled substances was identified; however, the identified weaknesses increase the risk for diversion of controlled substances to occur. Monthly pharmacist or designee walkthroughs documented unlocked drawers containing controlled substances, controlled substance audits not reconciled to the record book, and medication cart keys not being secured.
- **Controlled substances not secured during onsite walkthrough** - Two nursing units kept the keys to the controlled substances in an unlocked drawer, one nursing unit had the lock combination on a sticky note on the outside of the cart, and one controlled substance count book was signed before the physical count.
- **Controlled substance waste** - All unused or refused medication must be properly disposed in a locked tamper-proof container referred to as "wasting" with dual signature control. Often these are controlled substances with a half tablet prescribed. The remaining half needs to be properly disposed. In 20 of 180 instances tested, the remaining half tablet did not have dual signatures when disposed. In an additional 13 of the same 180 instances, the remaining half tablet was kept and administered later. Policy states that any remaining half tablet must be disposed of properly with two signatures.
- **Automated medication dispensing system access** - There were 11 former employees out of 124 active users that were still active in the medication dispensing system. None of the login credentials for former employees had been used to access the system after the employee's termination.
- **Children in suspected abuse situations not being contacted timely (Prior audit finding)** - DHHS requires face-to-face contact to be made with suspected victims of child abuse or neglect with 24 hours or up to 14 days depending on the severity of the child abuse report. The department is unable to effectively monitor the face-to-face contact due to incorrect dates being entered into the tracking system. Of 30 assessments tested, 12 had incorrect dates and 25 of the 30 assessments did not have face-to-face contact within the required time. This finding was first discovered and reported in the 2014-15 audit. Human service zone employees are responsible for making the contact and entering the information.

Prior audit findings not fully implemented:

- **Unsupported drug rebate and analysis system receivable balances** - Receivable balances need to be supported by a detailed listing of drug manufacturer accounts. The department is working with the system developer to resolve the issue with historical records and there are several outstanding work orders with the developer. The department continues to work toward getting more accurate data.
- **Inaccurate inventory and storage location of COVID-19 vaccine vials** - Recommended to follow the Centers for Disease Control guidance to reconcile all vaccines in storage monthly, including verifying the location. The department inventoried the vaccine count on a regular basis but did not consistently reconcile the storage location of the vaccine which is important for temperature and efficacy and expiration.

Agency Fees

As reported to the Legislative Management, pursuant to Section 54-35-27, this agency has 52 fees. The agency recommended the following changes to its fees:

- Increase the amount charged for Medicaid application fees.
- No other recommended fee changes.

Major Related Legislation

House Bill No. 1037 - Provides appropriations of \$750,000 each to the Agriculture Commissioner, Attorney General, Department of Transportation, DHHS, and Department of Career and Technical Education for uncrewed aircraft systems, autonomous vehicles, or other autonomous technologies.

House Bill No. 1067 - Changes the age from 18 to 21 to administer Medicaid waivers to provide in-home services to children with extraordinary medical needs and to children diagnosed with an autism spectrum disorder and would otherwise meet institutional level of care.

House Bill No. 1070 - Changes the modified adjusted gross income eligibility limit for the children's health insurance program from 210 to 205 percent of the federal poverty level.

Senate Bill No. 2029 - Creates the Office of Guardianship and Conservatorship as a division under the Supreme Court and provides an appropriation to defray the expenses of the office.

Senate Bill No. 2033 - Creates a distressed ambulance service program.

Senate Bill No. 2036 - Provides an appropriation to administer the fitness to proceed and remediation of juveniles relating to the age of an offender, suspension or dismissal of proceedings, predispositional assessment, and the definition of a child in need of protection.

Senate Bill No. 2096 - Provides for an appropriation for State Hospital facilities and for regional acute psychiatric treatment and residential supportive housing services.

NOTE:

Please see the Fiscal Impact Report for additional information regarding bills under consideration which contain either a state revenue impact, an appropriation, or a state fiscal impact.



Legislative Council

**Department of Health and Human Services - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	2,483.83	\$2,011,427,547	\$3,541,730,000	\$5,553,157,547
2025-27 Ongoing Funding Changes				
Base payroll changes				\$0
Salary increase				0
Health insurance increase				0
Retirement contribution increase				0
Business Operations total changes	4.00	\$24,445,204	(\$55,288,152)	(30,842,948)
Behavioral Health total changes	49.00	83,173,847	27,062,388	110,236,235
Human Services total changes	8.00	127,617,435	158,648,001	286,265,436
Medical Services total changes	3.00	105,694,589	4,193,792	109,888,381
Public Health total changes	11.00	8,270,481	17,587,850	25,858,331
Additional FTE added per salary and wages block grant	203.52			0
Other salary adjustment				0
Total ongoing funding changes	278.52	\$349,201,556	\$152,203,879	\$501,405,435
One-Time Funding Items				
No one-time funding items				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	278.52	\$349,201,556	\$152,203,879	\$501,405,435
2025-27 Total Funding	2,762.35	\$2,360,629,103	\$3,693,933,879	\$6,054,562,982

Federal funds included in other funds

\$3,232,957,459

Total ongoing changes - Percentage of base level	11.2%	17.4%	4.3%	9.0%
Total changes - Percentage of base level	11.2%	17.4%	4.3%	9.0%

Other Sections in Department of Health and Human Services - Budget No. 325

Section Description	Executive Budget
Funding transfers	Section 3 authorizes the transfer of appropriation authority between line items within Section 1 of the bill.
FTE position block grant program	Section 4 authorizes DHHS to increase or decrease the authorized FTE positions subject to the availability of funds.
Estimated income - Human service finance fund	Section 5 identifies \$238,401,207 from the human services finance fund for state-paid economic assistance and social and human services.

Other Sections in Department of Health and Human Services - Budget No. 325

Section Description	Executive Budget
Estimated income - Community health trust fund	Section 6 identifies \$40,458,933 from the community health trust fund for the following purposes: loan repayment programs (\$594,500), tobacco and vaping programs (\$11,191,683), cancer and women's way programs (\$909,824), behavioral risk state survey (\$200,000), domestic violence programs (\$4,501,342), local public health grants (\$3,275,000), 988 crisis hotline (\$1,867,500), forensic examiner at UND (\$2,866,156), various information technology system upgrades (\$2,967,000), cross-disability advisory council (\$700,000), statewide health strategies (\$1,000,000), grants to rural ambulances (\$7,000,000), rural crisis support program (\$2,000,000), Alzheimer's community living (\$150,000), dental health programs (\$514,367), and chronic diseases and diabetes prevention (\$721,561).
Estimated income - SIIF	Section 7 identifies \$37,646,784 from SIIF for the following purposes: retiring technology from the mainframe (\$8,500,000), new state lab and purchase security equipment (\$2,962,304), capital projects in human service centers (\$1,684,480), housing initiative programs (\$14,500,000), and re-evaluating the new state hospital capital project (\$10,000,000).
Estimated income - Insurance tax distribution fund	Section 8 identifies \$1,125,000 from the insurance distribution fund for rural emergency medical services grants.
Laboratory Building Steering Committee	Section 9 provides DHHS will maintain the Laboratory Building Steering Committee to oversee the design and construction of the laboratory building project during the biennium or until the work is completed, whichever is earlier.
Capital payments	Section 10 authorizes DHHS to expend funds for the payment of special assessments at the State Hospital, Southeast Human Service Center, and Life Skills and Transition Center.
Capital projects - Emergency commission approval	Section 11 authorizes transfers from line items within Section 1 of this bill for capital projects and maintenance pertaining to the operation of facilities including demolition projects up to \$10 million, DHHS may seek emergency commission approval to spend more than \$10 million under this section.
Permanent supportive housing grants	Section 12 directs DHHS to develop a funding methodology to distribute the funding to qualified entities that utilize best practices for permanent supportive housing, provide recovery-oriented and person-centered services, submit processes and outcome measures to DHHS, and authorize DHHS to conduct onsite visits to review program operations for the funding of \$4,672,536 included in Section 1 of the bill.
Expenditures may not exceed appropriation - Medical assistance expansion program	Section 13 identifies the sum of \$662,099,340, of which \$66,209,934 is from the general fund, for the Medicaid Expansion program for the 2025-27 biennium. The expenditures for individuals enrolled in Medicaid Expansion may not exceed this amount.
Building project lease	Section 14 authorizes the DHHS to act upon the recommendations of an architect to adjust the spacing needs for the human service center locations including the impact to shift the human service centers to certified community behavioral health clinics.

Other Sections in Department of Health and Human Services - Budget No. 325

Section Description	Executive Budget
Lease of land - State Hospital	Section 15 authorizes DHHS and the National Guard to enter an agreement or lease, or both, to lease up to 30 acres of real property for up to 99 years associated with the State Hospital for the National Guard to construct a new training and storage facility. In the alternative, DHHS may transfer its management of up to 30 acres of real property to the National Guard to construct a new training and storage facility.
Human service centers - certified community behavioral health clinics - FTE positions	Section 16 provides DHHS shall continue the process of human service centers becoming certified community behavioral health clinics to provide continuous community-based behavioral health services for children and adults. Federal funding will be pursued and subject to the availability of generated income, DHHS may add FTE positions for field services to provide direct services.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 1 of Section 17 would allow the sum of \$3,674,757 appropriated general funds and the sum of \$25,918,566 appropriated from federal funds for Medicaid management information system modularization technology.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 2 of Section 17 would allow the sum of \$14,411,218 appropriated from the general fund and the sum of \$14,411,218 appropriated from federal funds for the child welfare technology project.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 3 of Section 17 would allow the sum of \$20,366,271 appropriated from the community health trust fund and the sum of \$39,534,525 appropriated from federal funds for the child support computer replacement project.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 4 of Section 17 would allow the sum of \$10,989,217 appropriated from SIIF for the procurement and grants management system.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 5 of Section 17 would allow the sum of \$4.15 million appropriated from the general fund for defraying the expenses of additional human service centers to begin the process of becoming a certified community behavioral health clinic to provide continuous community-based behavioral health services for children and adults.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 6 of Section 17 would allow the sum \$6.4 million appropriated from SIIF for the use of transitioning the Badlands Human Service Center and Northwest Human Service Center into certified community behavioral health clinics.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 7 of Section 17 would allow any amounts appropriated to DHHS in Chapter 549 of the 2021 Special Session Session Laws.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 8 of Section 17 would allow any amounts appropriated to DHHS in Chapter 550 of the 2021 Special Session Session Laws.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 9 of Section 17 would allow any amounts appropriated to DHHS for COVID-19 relief in Chapters 27 and 28 of the 2021 Session Laws.

Other Sections in Department of Health and Human Services - Budget No. 325

Section Description	Executive Budget
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 10 of Section 17 would allow the sum of \$55,120,000 appropriated from the federal state fiscal recovery fund for a public health laboratory capital project.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 11 of Section 17 would allow the sum of \$5 million appropriated from the general funds for the purpose of employer-led child care cost-share program.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 12 of Section 17 would allow the sum of \$986,555 appropriated from the general fund for the purpose of streamlining background checks.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 13 of Section 17 would allow the sum of \$2,223,981 appropriated from the federal state fiscal recovery fund for the implementation of a virtual behavioral health crisis care program for rural law enforcement.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 14 of Section 17 would allow the sum of \$2 million appropriated from federal funds for the purpose of completing the public health data modernization project.
Exemption - Unexpended appropriations continued into the biennium beginning on July 1, 2025 and ending on June 30, 2027	Subsection 15 of Section 17 would allow \$2.5 million appropriated from SIF to the pay for success fund in Chapter 419 of the 2023 Session Laws.
Legislative intent - Utilization rate adjustment	Section 18 provides intent that DHHS seek a deficiency appropriation for any expenditures that exceed appropriated amounts as a result of underfunding, utilization rates, value-based purchasing for nursing facilities, reduction in federal medical assistance percentage, and unexpected contract cost increases that exceed 10 percent during the biennium if funding is not sufficient to pay actual expenses.
Legislative intent - Provider rate increase	Section 19 provides a 2 percent increase each year of the biennium for human service provider inflation. The provider inflation increase in this section does not apply to nursing facilities.
Federal funding appeal limitation	Section 20 provides except as otherwise specifically provided by federal law, a person may not appeal a denial, revocation, reduction in services or payment, or the termination of a program or service by DHHS due to the unavailability of federal coronavirus funding received under federal law resulting from the federal coronavirus pandemic emergency declaration.

Legislative Council

**Business Operations - 100 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	0.00	\$74,099,008	\$118,894,310	\$192,993,318
2025-27 Ongoing Funding Changes				
Base payroll changes				\$0
Salary increase		\$1,304,095	\$663,176	1,967,271
Health insurance increase		668,678	370,235	1,038,913
3% cost reduction & transfers		(20,824,399)	(67,264,688)	(88,089,087)
Information Technology Department (ITD) rate increase		1,184,601	2,152,302	3,336,903
IT contractual ITD rate increases		24,742,935		24,742,935
Restore operations under fund vacancy inflation		16,582,716		16,582,716
Operations infrastructure support	3.00	505,364	220,720	726,084
Data infrastructure data governance	1.00	280,112	70,019	350,131
Other salary adjustment		1,102	84	1,186
Total ongoing funding changes	4.00	\$24,445,204	(\$63,788,152)	(\$39,342,948)
One-Time Funding Items				
IT recovery backup - existing			\$8,500,000	\$8,500,000
Total one-time funding changes	0.00	\$0	\$8,500,000	\$8,500,000
Total Changes to Base Level Funding	4.00	\$24,445,204	(\$55,288,152)	(\$30,842,948)
2025-27 Total Funding	4.00	\$98,544,212	\$63,606,158	\$162,150,370
<i>Federal funds included in other funds</i>			\$59,838,891	
<i>Total ongoing changes - Percentage of base level</i>	<i>N/A</i>	<i>33.0%</i>	<i>(53.7%)</i>	<i>(20.4%)</i>
<i>Total changes - Percentage of base level</i>	<i>N/A</i>	<i>33.0%</i>	<i>(46.5%)</i>	<i>(16.0%)</i>



**Behavioral Health - 200 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	0.00	\$307,905,408	\$113,955,941	\$421,861,349
2025-27 Ongoing Funding Changes				
Base payroll changes				\$0
Salary increase		\$10,729,168	\$165,057	10,894,225
Health insurance increase		6,797,977	114,100	6,912,077
3% cost reduction and transfers		18,776,960	2,311,203	21,088,163
Cost to continue programs		5,709,106	(5,000,000)	709,106
Opioid settlement			8,000,000	8,000,000
Behavioral health and addiction	32.00	12,756,598	2,000,000	14,756,598
Children's behavioral health		4,759,997	3,000,000	7,759,997
Care coordination - free through recovery and community connect		10,475,722		10,475,722
Service expansion SUD, RHAP, CCHBC	16.00	8,488,552		8,488,552
Health care workforce				0
Operations infrastructure support	1.00	155,166		155,166
Provider inflation increase		2,541,299		2,541,299
Other salary adjustment		(16,698)	28	(16,670)
Total ongoing funding changes	49.00	\$81,173,847	\$10,590,388	\$91,764,235
One-Time Funding Items				
IT inflation recovery backup - existing			\$5,500,000	\$5,500,000
Construction of new state hospital			10,000,000	10,000,000
Children's behavioral health		\$2,000,000		2,000,000
Facilities purchase WCHSC building			972,000	972,000
Total one-time funding changes	0.00	\$2,000,000	\$16,472,000	\$18,472,000
Total Changes to Base Level Funding	49.00	\$83,173,847	\$27,062,388	\$110,236,235
2025-27 Total Funding	49.00	\$391,079,255	\$141,018,329	\$532,097,584
<i>Federal funds included in other funds</i>			\$82,752,873	
<i>Total ongoing changes - Percentage of base level</i>	<i>N/A</i>	<i>26.4%</i>	<i>9.3%</i>	<i>21.8%</i>
<i>Total changes - Percentage of base level</i>	<i>N/A</i>	<i>27.0%</i>	<i>23.7%</i>	<i>26.1%</i>

Legislative Council

**Human Services - 300 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	0.00	\$623,450,353	\$1,240,409,529	\$1,863,859,882
2025-27 Ongoing Funding Changes				
Base payroll changes				\$0
Salary increase		\$3,163,456	\$5,781,186	8,944,642
Health insurance increase		2,104,121	3,811,080	5,915,201
3% cost reduction and transfers		10,394,965	94,927,414	105,322,379
Eliminate autism voucher program		(300,000)		(300,000)
DHHS cost to continue		57,330,438	(2,746,684)	54,583,754
Adults Adopting Special Kids contract increase		4,883,205		4,883,205
IT special operations Scrum team - Existing		2,041,944	3,792,181	5,834,125
Compliance and quality	1.00	112,147	109,331	221,478
Care coordination free through recovery community connect	2.00	410,783		410,783
Housing initiative			14,500,000	14,500,000
Department of Justice SPED transition		3,776,434	2,555,463	6,331,897
HCBS cross disability waiver	2.00	1,876,156	1,876,156	3,752,312
Vulnerable adults guardianship	2.00	1,015,953	179,298	1,195,251
Families Indian Child Welfare Act	1.00	452,709	452,708	905,417
Child care best in class		19,272,500		19,272,500
Provider inflation increase		13,019,317	13,895,572	26,914,889
Zone employee increases			6,120,076	6,120,076
Other salary adjustments		(2,464)	(1,140)	(3,604)
Total ongoing funding changes	8.00	\$119,551,664	\$145,252,641	\$264,804,305
One-Time Funding Items				
Compliance and quality		\$200,000	\$200,000	\$400,000
IT new			8,000,000	8,000,000
Facilities LSTC roof elevator			712,480	712,480
HCBS cross disability waiver		7,865,771	4,482,880	12,348,651
Total one-time funding changes	0.00	\$8,065,771	\$13,395,360	\$21,461,131
Total Changes to Base Level Funding	8.00	\$127,617,435	\$158,648,001	\$286,265,436
2025-27 Total Funding	8.00	\$751,067,788	\$1,399,057,530	\$2,150,125,318
<i>Federal funds included in other funds</i>			\$1,109,564,044	

<i>Total ongoing changes - Percentage of base level</i>	N/A	19.2%	11.7%	14.2%
<i>Total changes - Percentage of base level</i>	N/A	20.5%	12.8%	15.4%



**Medical Services - 400 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	0.00	\$958,216,598	\$1,818,029,530	\$2,776,246,128
2025-27 Ongoing Funding Changes				
Base payroll changes				\$0
Salary increase		\$425,767	\$598,310	1,024,077
Health insurance increase		242,613	351,910	594,523
3% cost reduction and transfers		(27,664,995)	60,415,711	32,750,716
DHHS cost to continue		71,253,662	(118,383,672)	(47,130,010)
HCBS cost to continue		36,977,113	35,047,391	72,024,504
Compliance and quality		1,000,000	1,000,000	2,000,000
Department of Justice SPED transition		4,830,872	3,033,320	7,864,192
HCBS cross disability waiver	3.00	2,751,365	2,751,365	5,502,730
Health care workforce		2,189,770	2,189,770	4,379,540
Provider inflation increases		13,689,672	15,190,968	28,880,640
Other salary adjustments		(1,250)	(1,281)	(2,531)
Total ongoing funding changes	3.00	\$105,694,589	\$2,193,792	\$107,888,381
One-Time Funding Items				
IT Medicaid legacy - Existing			\$2,000,000	\$2,000,000
Total one-time funding changes	0.00	\$0	\$2,000,000	\$2,000,000
Total Changes to Base Level Funding	3.00	\$105,694,589	\$4,193,792	\$109,888,381
2025-27 Total Funding	3.00	\$1,063,911,187	\$1,822,223,322	\$2,886,134,509

Federal funds included in other funds

\$1,760,749,203

Total ongoing changes - Percentage of base level

N/A

11.0%

0.1%

3.9%

Total changes - Percentage of base level

N/A

11.0%

0.2%

4.0%

Legislative Council

**Public Health - 500 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	0.00	\$47,756,180	\$250,440,690	\$298,196,870
2025-27 Ongoing Funding Changes				
Base payroll changes				\$0
Salary increase		\$2,214,430		2,214,430
Health insurance increase		1,249,098		1,249,098
3% cost reduction and transfers		(699,578)	\$3,120,554	2,420,976
Adds funding to replace the 23-25 new FTE pool		65,094	50,008	115,102
Adds funding to replace the 23-25 vacant FTE pool		569,060	1,754,865	2,323,925
Compliance and quality initiative	7.00	1,679,365		1,679,365
Vulnerable adults guardianship	1.00	233,666	2,250,000	2,483,666
Families Indian Child Welfare Act		2,000,000		2,000,000
Public health core, transition of the new lab, nonfatal toxicology	1.00	296,535	4,220,962	4,517,497
Data infrastructure and data governance	2.00	512,955		512,955
Forensic			1,866,156	1,866,156
Other salary adjustment		(1,644)	1	(1,643)
Total ongoing funding changes	11.00	\$8,118,981	\$13,262,546	\$21,381,527
One-Time Funding Items				
Public health core, transition of the new lab, nonfatal toxicology		\$151,500	\$3,062,304	3,213,804
Forensic			278,000	278,000
IT new			985,000	985,000
Total one-time funding changes	0.00	\$151,500	\$4,325,304	\$4,476,804
Total Changes to Base Level Funding	11.00	\$8,270,481	\$17,587,850	\$25,858,331
2025-27 Total Funding	11.00	\$56,026,661	\$268,028,540	\$324,055,201

Federal funds included in other funds

\$220,052,448

Total ongoing changes - Percentage of base level

N/A

17.0%

5.3%

7.2%

Total changes - Percentage of base level

N/A

17.3%

7.0%

8.7%



Sixty-ninth
Legislative Assembly
of North Dakota

HOUSE BILL NO. 1012
(Governor's Recommendation)

Introduced by
Appropriations Committee

(At the request of the Governor)

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 exemption; to provide a statement of legislative intent; and to provide for a report.

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 special funds derived from federal funds and other income, 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.

BUSINESS OPERATIONS DIVISIONS

	<u>Base Level</u>	<u>Adjustment or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$25,763,358	\$30,823,381	\$56,586,739
Operating expenses	155,308,399	(68,523,770)	86,784,629
Capital assets	108,934	(108,934)	0
Grants	<u>11,812,627</u>	<u>6,966,375</u>	<u>18,779,002</u>
Total all funds	\$192,993,318	\$(30,842,948)	\$162,150,370
Less estimated income	<u>118,894,310</u>	<u>(55,288,152)</u>	<u>63,606,158</u>
Total general fund	\$74,099,008	\$24,445,204	\$98,544,212

Subdivision 2.

BEHAVIORAL HEALTH DIVISION

	<u>Base Level</u>	<u>Adjustment or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,792,675	\$5,992,533	\$14,785,208
Operating expenses	79,381,458	36,054,407	115,435,865
Grants	40,476,298	4,567,019	45,043,317
Clinics	196,383,945	45,833,362	242,217,307
State Hospital	94,826,973	11,788,914	106,615,887
Opioid addiction Prev & Treatment	<u>2,000,000</u>	<u>6,000,000</u>	<u>8,000,000</u>
Total all funds	\$421,861,349	\$110,236,235	\$532,097,584
Less estimated income	<u>113,955,941</u>	<u>27,062,388</u>	<u>141,018,329</u>
Total general fund	\$307,905,408	\$83,173,847	\$391,079,255

Sixty-ninth
Legislative Assembly

Subdivision 3.

HUMAN SERVICES DIVISION

	<u>Base Level</u>	Adjustment or <u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$149,049,664	\$23,920,304	\$172,969,968
Operating expenses	88,885,469	111,815,007	200,700,476
Capital assets	10,000	0	10,000
Grants	621,189,007	119,046,913	740,235,920
Life Skills and Transition Center	64,268,517	9,391,483	73,660,000
Grants – Medical assistance	742,793,564	14,045,867	756,839,431
County social services	<u>197,663,661</u>	<u>8,045,864</u>	<u>205,709,525</u>
Total all funds	\$1,863,859,882	\$286,265,438	\$2,150,125,320
Less estimated income	<u>1,240,409,529</u>	<u>198,760,379</u>	<u>1,399,057,530</u>
Total general fund	623,450,353	\$87,505,059	751,067,790

Subdivision 4.

MEDICAL SERVICES DIVISION

	<u>Base Level</u>	Adjustment or <u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$21,008,344	\$4,762,554	\$25,770,898
Operating expenses	70,807,976	92,364,563	163,172,539
Grants	1,651,004	(193,200)	1,457,804
Grants – Medical assistance	<u>2,682,778,803</u>	<u>12,954,465</u>	<u>2,695,733,268</u>
Total all funds	\$2,776,246,127	\$109,888,382	\$2,886,134,509
Less estimated income	<u>1,818,209,529</u>	<u>4,193,793</u>	<u>1,822,223,322</u>
Total general fund	\$958,216,598	\$105,694,589	\$1,063,911,187

Subdivision 5.

PUBLIC HEALTH DIVISION

	<u>Base Level</u>	Adjustment or <u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$60,415,388	\$(1,626,390)	\$58,788,998
Operating expenses	37,721,213	17,728,282	55,449,495
Capital assets	1,469,780	1,650,194	3,119,974
Grants	81,718,145	4,617,835	86,335,980
Tobacco prevention	13,063,162	(22,607)	13,040,555
WIC food payments	19,900,000	1,100,000	21,000,000
Covid-19	<u>83,909,182</u>	<u>1,845,373</u>	<u>86,320,199</u>
Total all funds	\$298,196,870	\$25,858,331	\$324,055,201
Less estimated income	<u>250,440,690</u>	<u>17,587,850</u>	<u>268,028,540</u>
Total general fund	\$47,756,180	\$8,270,481	\$56,026,661

TOTAL – SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Total general fund	\$2,011,427,547	\$349,201,557	\$2,360,629,104
Total special funds	\$3,541,729,999	\$254,203,879	\$3,693,933,878
Total All Funds	\$5,553,157,546	\$501,405,436	\$6,054,562,982
Full Time Equivalents	2,483.83	278.52	2,762.35

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 biennium one-time funding items included in the appropriation section of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Public health laboratory capital project	\$55,120,000	0\$
Technology projects	71,000,000	9,263,000
Human service center projects	735,154	1,684,480
State hospital design	12,500,000	10,000,000
Service grants	585,000	0
Cross-disability advisory council	1,400,000	0
Behavioral health facility grants	1,950,000	0
Base care payment study	600,000	0
Health care task force	750,000	0
Operating inflation	20,564,344	0
Program integrity audits	4,500,000	0
Pregnant and parenting residential	1,000,000	0
Law enforcement telehealth	2,650,000	0
Retire mainframe	0	16,000,000
Child care programs	0	19,272,500
Housing programs	0	14,500,000
State lab move and equipment	0	2,962,304
Partial hospitalization day treatment	0	2,000,000
DD eligibility assessment tool for kids	0	400,000
Family paid caregiver service	0	12,348,651
One-time toxicology equipment	0	251,500
Total all funds	<u>\$173,354,498</u>	<u>\$88,682,435</u>
Less estimated income	<u>158,872,326</u>	<u>59,192,664</u>
Total general fund	\$14,482,172	\$29,489,771

The 2025-27 one-time funding amounts are not a part of the entity's base budget for the 2027-29 biennium. The department of health and human services shall report to the appropriation's committees of the seventieth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2025 and ending June 30, 2027.

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 section 1 of this Act and any remaining appropriation authority for the department of health and human services approved by the sixty-ninth legislative assembly for the biennium beginning July 1,

SECTION 12. PERMANENT SUPPORTIVE HOUSING GRANTS. Section 1 of this Act includes the sum of \$4,672,536 from the general fund for permanent supportive housing grants. The department of health and human services shall develop a funding methodology to distribute the funding to qualified entities that utilize best practices for permanent supportive housing, provide recovery-oriented and person-centered services, submit process and outcome measures to the department of health and human services, and authorize the department of health and human services to conduct onsite visits to review program operations.

SECTION 13. EXPENDITURES MAY NOT EXCEED APPROPRIATION – MEDICAL ASSISTANCE EXPANSION PROGRAM - APPLICATION.

1. Section 1 of this Act includes the sum of \$662,099,340, of which \$66,209,934 is from the general fund, for the medical assistance expansion program for the biennium beginning July 1, 2025, and ending June 30, 2027. The expenditures for individuals eligible for the medical assistance expansion program may not exceed this amount.
2. The department of health and human services may exceed appropriations for increases in medical assistance expansion program caseload, for the addition of coverage consistent with the traditional Medicaid 1915(i) state plan, utilization rates, and reduction in federal medical assistance percentage.
3. The managed care organization under contract with the department of health and human services to manage the medical assistance expansion program shall reimburse providers within the same provider type and specialty at consistent levels and with consistent methodology and may not provide incentive, quality, or supplemental payments to providers, unless part of a value-based program approved by the department of health and human services. The managed care organization shall reimburse all North Dakota substance use providers of American society of addiction medicine level 2.5 at consistent levels and with consistent methodology. The managed care organization may consider urban and rural providers as different provider types.
4. The managed care organization and the department of health and human services shall ensure payments to Indian or Tribal 638 health care providers, federally qualified health centers, and rural health clinics meet the federally required minimum levels of reimbursement. Critical access hospitals may not be paid less than one hundred percent of Medicare allowable costs and human service centers may not be paid less than one hundred percent of the current traditional Medicaid rate. Behavioral health services involving partial hospitalization, intensive outpatient, professional services, and residential behavioral health services provided in facilities that are not institutions for mental diseases are not subject to the provisions in subsection 6.
5. The department of health and human services shall ensure providers within the same provider type and specialty are reimbursed at consistent levels and with consistent methodology and shall ensure the capitation rates under risk contracts are actuarially sound and are adequate to meet managed care organization contractual requirements regarding availability of services, assurance of 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 14. BUILDING PROJECT - LEASE. The department of health and human services is authorized to act upon the recommendations of an architect to adjust the spacing needs for the human service center locations, including the impact to shift the human service centers to certified community behavioral health clinics for the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 15. LEASE OF LAND - STATE HOSPITAL. The department of health and human services and national guard may enter into an agreement or lease, or both, to lease up to thirty acres of real property for up to ninety-nine years associated with the state hospital for the national guard to construct a new training and storage facility. In the alternative, the department of health and human services may transfer its management of up to thirty acres of real property to the national guard to construct a new training and storage facility.

SECTION 16. 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 field services 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 17. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$3,674,757 appropriated from the general fund and the sum of \$25,918,566 appropriated from federal funds for the Medicaid management information system modularization technology project in chapter 12 of the 2021 Session Laws;
2. The sum of \$14,411,218 appropriated from the general fund and the sum of \$14,411,218 appropriated from federal funds for the child welfare technology project in chapter 12 of the 2021 Session Laws;
3. The sum of \$20,366,271 appropriated from the community health trust fund and the sum of \$39,534,525 appropriated from federal funds for the child support computer replacement project in chapter 44 of the 2023 Session Laws;
4. The sum of \$10,989,217 appropriated from the strategic investment and improvement fund for the procurement and grants management system in chapter 44 of the 2023 Session Laws;
5. The sum of \$4,150,000 appropriated from the general fund for defraying the expenses of additional human service centers to begin the process of becoming a certified community behavioral health clinic to provide continuous community-based behavioral health services for children and adults in chapter 44 of the 2023 Session Laws;
6. The sum of \$6,400,000 appropriated from the strategic investment and improvement fund for the use of transitioning the badlands and northwest human service centers into certified community behavioral health clinics in chapter 638 of the 2023 Special Session Session Laws;
7. Any amounts appropriated to the department of health and human services in chapter 549 of the 2021 Special Session Session Laws;
8. Any amounts appropriated to the department of health and human services in chapter 550 of the 2021 Special Session Session Laws;
9. Any amounts appropriated to the department of health and human services for COVID-19 relief in chapters 27 and 28 of the 2021 Session Laws;
10. The sum of \$55,120,000 appropriated from the federal state fiscal recovery fund for a public health

laboratory capital project in chapter 4 of the 2023 Session Laws;

11. The sum of \$5,000,000 appropriated from the general fund for the purpose of employer-led child care cost-share program in chapter 446 of the 2023 Session Laws;
12. The sum of \$986,555 appropriated from the general fund for the purpose of streamlining background checks project in chapter 446 of the 2023 Session Laws;
13. The sum of \$2,223,981 appropriated from the federal state fiscal recovery fund for the implementation of a virtual behavioral health crisis care program for rural law enforcement in chapter 44 of the 2023 Session Laws;
14. The sum of \$2,000,000 appropriated from federal funds for the purpose of completing the public health data modernization project in chapter 4 of the 2023 Session Laws; and
15. The sum of \$2,500,000 appropriated from the strategic investment and improvement fund to the pay for success fund in chapter 419 of the 2023 Session Laws.

SECTION 18. LEGISLATIVE INTENT - UTILIZATION RATE ADJUSTMENT. It is the intent of the sixty-ninth legislative assembly that the department of health and human services seeks a deficiency appropriation from the seventieth legislative assembly for any expenditures that exceed appropriated amounts as a result of underfunding, utilization rates, value-based purchasing for nursing facilities, reduction in federal medical assistance percentage, and unexpected contract cost increases that exceed ten percent, during the biennium beginning July 1, 2025, and ending June 30, 2027, if funding is not sufficient to pay actual expenses.

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

SECTION 20. FEDERAL FUNDING APPEAL LIMITATION. Except as otherwise specifically provided by federal law, a person may not appeal a denial, revocation, reduction in services or payment, or the termination of a program or service by the department of health and human services due to the unavailability of federal coronavirus funding received under federal law resulting from the federal coronavirus pandemic emergency declaration for the biennium beginning July 1, 2025, and ending June 30, 2027.