

HUMAN SERVICES COMMITTEE

The Human Services Committee was assigned the following responsibilities:

1. Section 3 of Senate Bill No. 2186 (2007) provided for a study of the temporary assistance for needy families (TANF) program administered by the Department of Human Services. The study was to include a review of the sustainability of current services and programs being funded by the TANF program, a review of the potential programs and services that could be funded with TANF funds, and a review of the need for increased assistance to TANF recipients who are attending a postsecondary institution of learning.
2. Section 18 of Senate Bill No. 2205 (2007) directed a study of the success and effects of the laws enacted by the 55th Legislative Assembly in House Bill No. 1041 (1997) and Senate Bill No. 2052 (1997), known as the "swap proposal." The study was to review the North Dakota Century Code (NDCC) to determine if the provisions have created a more understandable and sustainable division of responsibility between the state and counties in the delivery and financing of these economic assistance programs.
3. Section 9 of Senate Bill No. 2012 (2007) directed a study of infant development programs, including a review of the state's lead agency agreement, service coordination, staffing, and funding structure.
4. The Legislative Council assigned the committee the responsibility to receive a recommendation from the Insurance Commissioner on entities able to provide a cost-benefit analysis of every legislative measure mandating health insurance coverage of services or payment for specified providers of services or an amendment that mandates such coverage or payment pursuant to NDCC Section 54-03-28.
5. The Legislative Council also assigned the committee the responsibility to receive the following reports:
 - a. Annual reports from the Department of Human Services describing enrollment statistics and costs associated with the children's health insurance program state plan pursuant to NDCC Section 50-29-02.
 - b. A report from the Department of Human Services before August 1, 2008, regarding the status of medical assistance recipients' access to dental services pursuant to Section 1 of House Bill No. 1246 (2007).
 - c. Periodic reports from the State Department of Health's Immunization Task Force regarding the impact of the immunization program transition on the local public health units and the fiscal impact of the transition

pursuant to Section 2 of House Bill No. 1435 (2007).

- d. A report from the Department of Human Services regarding the transition assistance for the child care program implemented pursuant to Section 1 of Senate Bill No. 2186 (2007).
- e. Annual reports from the Department of Human Services regarding the status of the alternatives-to-abortion services program pursuant to Section 2 of Senate Bill No. 2312 (2007).
- f. A report from the Dean of the North Dakota College of Nursing regarding the Nursing Education Consortium to address common concerns in nursing education pursuant to Section 1 of Senate Bill No. 2379 (2007).
- g. Semiannual reports and a final report by October 1, 2008, from the Drug Utilization Review Board regarding the board's review of utilization, cost, and effectiveness of certain drugs and the board's findings and recommendations for legislative changes pursuant to Section 2 of House Bill No. 1422 (2007).

Committee members were Representatives Jeff Delzer (Chairman), Patrick R. Hatlestad, Curt Hofstad, Lee Kaldor, James Kerzman, Gary Kreidt, Jon Nelson, Vonnie Pietsch, Chet Pollert, Clara Sue Price, Ken Svedjan, and Robin Weisz and Senators JoNell A. Bakke, Dick Dever, Robert S. Erbele, Aaron Krauter, Judy Lee, Jim Pomeroy, and John M. Warner.

The committee submitted this report to the Legislative Council at the biennial meeting of the Council in November 2008. The Council accepted the report for submission to the 61st Legislative Assembly.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES STUDY

Section 3 of Senate Bill No. 2186 (2007) directed a study of the TANF program administered by the Department of Human Services. The study was to include a review of the sustainability of current services and programs funded by TANF funds, a review of potential programs that could be funded with TANF funds, and a review of the need of increased assistance to TANF recipients who are attending a postsecondary institution of learning.

Federal TANF Law

The committee learned Congress reauthorized the TANF program in February 2006 as part of the Deficit Reduction Act of 2005. Congress made two major changes to the program:

1. The federal TANF law, since federal fiscal year 2002, required that 50 percent of all TANF families be engaged in a qualified work activity for 30 hours or more per week (20 hours if the family includes a child who has not reached

age 6). States get a caseload reduction credit for meeting the work participation requirement. Reauthorization changed the base year for calculating the caseload reduction credit from federal fiscal year 1995 to federal fiscal year 2005. The effect on North Dakota of this change was to greatly decrease North Dakota's caseload reduction credits. Failure to achieve a 50 percent work participation rate can lead to severe fiscal penalties.

2. The federal TANF law originally defined the term "work activity" but allowed states to determine what activities were within the definition. Reauthorization gave federal officials authority to require nationally uniform definitions and require states to secure verification that work activity hours are accurately claimed. Federal officials have proposed strict requirements for definitions and verifications with initial work verification plans due September 30, 2006.

The committee learned federal law provides that TANF funds may be used to:

1. Provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
2. End the dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
3. Prevent and reduce the incidence of out-of-wedlock pregnancy and establish annual numerical goals for preventing and reducing the incidence of these pregnancies.
4. Encourage the formation and maintenance of two-parent families.

TANF Funding

The committee learned North Dakota's federal TANF block grant is \$26.4 million per year. The committee reviewed the following schedule which details the amount of TANF funding available during the 2007-09 biennium and the projected uses:

Projected TANF funds available - 2007-09 biennium			
Estimated balance brought forward from 2005-07 biennium		\$22,945,647	
Federal fiscal year 2008 revenue allocation - October 2007 to September 2008		26,399,809	
Federal fiscal year 2009 revenue allocation - October 2008 to June 2009		19,799,856	
Total estimated revenue available - 2007-09 biennium			\$69,145,312
Projected expenditures of TANF funds - 2007-09 biennium			
Transfer to social services block grant		\$1,246,220	
Early childhood care workforce development		500,000	
Assistance to needy families			
TANF benefit	\$5,509,038		
TANF kinship care	363,000		
TANF transition child care	817,580	6,689,618	
Job preparation			
Work activity	\$155,718		
Job opportunities and basic skills (JOBS)			
Transportation	2,655,709		
Client services	5,724,733		
Support service	589,659	9,125,819	
Formation and maintenance of families			
Wraparound case management	\$2,322,550		
Child abuse and neglect investigations	4,280,750		
Parent aide	1,083,350		
Intensive in-home services	801,342		
Foster care emergency assistance	19,724,701	28,212,693	
Other			
Systems maintenance and operations	\$1,953,408		
Alternatives-to-abortion program	300,811		
County emergency assistance - Case management	1,580,916		
County TANF assessments	569,348	4,404,483	
Administration			
JOBS contract administration	\$1,101,858		
State office administration	2,244,695		
County administration	3,209,624		
Human service center administration	765,580	7,321,757	
Total projected expenditures - 2007-09 biennium			\$57,500,590
Estimated balance to carry forward to 2009-11 biennium			\$11,644,722

The committee learned the projected TANF carryover of \$11,644,722 to the 2009-11 biennium is \$4,888,565 more than the \$6,756,157 estimated at the beginning of the biennium.

The committee reviewed the following schedule which details the use of TANF funds each biennium since the 1999-2001 biennium:

Category	1999-2001 Actual Expenditures	2001-03 Actual Expenditures	2003-05 Actual Expenditures	2005-07 Actual Expenditures
Assistance to needy families	\$12,190,046	\$18,964,192	\$11,051,347	\$7,056,645
Job preparation	5,052,408	8,612,796	8,531,892	9,002,755
Formation and maintenance of families	16,684,265	17,344,398	21,673,374	23,392,522
Other	9,891,157	7,223,635	3,454,710	3,726,734
Administration	6,215,538	7,028,860	5,910,949	6,355,467
Total	\$50,033,414	\$59,173,881	\$50,622,272	\$49,534,123

Assistance to Needy Families

Program Recipients

The committee received the following information regarding the unduplicated number of TANF clients:

Fiscal Year	Unduplicated Cases	Average Number of Clients Per Household	Total Number of Recipients	Recipients as a Percentage of Population
2007	5,112	2.2	13,504	2.1%
2006	5,259	2.2	14,043	2.2%
2005	5,524	2.2	14,776	2.3%
2004	5,887	2.1	15,872	2.5%

From July 2001 through June 2007 the number of months a family received TANF benefits were:

1. 10,242 clients - 0 to 12 months.
2. 3,241 clients - 13 to 24 months.
3. 892 clients - 37 to 48 months.
4. 489 clients - 49 to 60 months.
5. 413 clients - 60 or more months.

TANF Benefits

The committee reviewed TANF benefits. The committee learned the various components of the program include:

1. Regular TANF benefit - Intended to meet six basic items of need--food, shelter, clothing, fuel and utilities, household supplies, and personal needs. The benefit is received monthly.
2. Diversion assistance - Provides qualified families with cash assistance for up to 4 months within a 12-month period to assist them in becoming or remaining self-sufficient. Average diversion cases are 431 per month with approximately 51 percent of cases eventually moving to the TANF program.
3. TANF kinship care - Expands the options for placement of children who are under the custody of a county or the department by providing enhanced funding to individuals eligible for the program.
4. Transitional child care assistance - Promotes job retention by providing an extended service of assistance to qualified TANF households to further assist working families to remain self-sufficient.
5. JOBS program - Combines education, training, and employment components to assist TANF recipients make the transition to employment.

6. Transition assistance - Allows eligible recipients to receive up to six months of benefits near the anticipated closure of their TANF case. In addition to cash assistance, the program assists participants with child care and transportation needs.

The committee received the following information regarding the various components of the TANF program:

	TANF	TANF - Diversion	TANF - Kinship Care	TANF - Transition
Upfront eligibility	Child support and JOBS	Pathways	Child support	N/A
JOBS referral	Referral required	N/A	N/A	Enrolled at application
Pathways referral	N/A	Referral required	N/A	N/A
Child support referral	Yes	No	Yes	Referred at application
Health Tracks referral	Yes	No	Yes	Yes
Social contract	Yes	No	Yes	Yes
Monthly reporting	Yes	Yes	Yes	Yes
Child care expenses	Paid to provider	Paid to provider	Paid to caretaker	Paid to caretaker
Work retention payment	N/A	N/A	N/A	\$200 per month
Transportation allowance	Maximum of \$125	Maximum of \$125	N/A	Maximum of \$125
Program time limits	Lifetime of 60 months	4 months/ 12-month period	N/A	6 continuous months
Child support income	Assigned to state	Paid to caretaker - Counted as income	Assigned to state	Assigned to state

The committee received information regarding the history of TANF benefits. On July 1, 1997, a TANF benefit for a family of three with one adult and two children was \$440. Beginning August 1, 1998, the benefit was increased by 2.2 percent to \$450. Beginning July 2001 benefits were recalculated to remove the "bundled benefit" calculation which had included food stamps and heating assistance. As a result, the TANF benefit for a family of three increased from \$450 to \$477 per month. In January 2004 a dual standard-of-need policy was implemented which removed a "double benefit" for families that were also receiving housing or rent assistance. This change resulted in these families receiving \$50 per month less from TANF. Since then, no additional changes have been made. The monthly

benefit for a family of three receiving housing or rent assistance is \$427 and the monthly benefit for a family not receiving housing or rent assistance is \$477.

The committee learned historically TANF benefits have not been adjusted for inflationary increases; however, the department continues to explore supportive services that assist TANF clients to become self-sufficient.

The committee received the following information on the estimated cost of alternatives for increasing the TANF benefit for the 2007-09 biennium based on an average monthly caseload of 2,750 and average benefit of \$340:

Increase Amount	First Year	Second Year	Estimated Additional Cost Per Biennium
2 percent first year; 2 percent second year	\$347	\$354	\$693,020
3 percent first year; 3 percent second year	\$350	\$361	\$1,230,020
4 percent first year; 5 percent second year	\$354	\$372	\$1,518,020

TANF Program Sanctions

The committee received information on TANF program sanctions. The committee learned federal law directs states to impose financial sanctions by reducing or eliminating TANF benefits to recipients that fail to comply with program requirements. From October to December 2007, the committee learned sanctions were imposed on 3.6 percent to 5 percent of the cases.

The committee learned monthly reporting is required under the TANF program and the report is due on the fifth day of each month. However, there is currently no penalty imposed on TANF recipients that submit their monthly report late

Closure of TANF Cases

The committee learned from July 2001 through September 2007, 110 TANF cases have been closed because the head of household received the maximum of 60 months of TANF payments. Nineteen cases have received an exemption from the 60-month lifetime limit based on incapacity of the individual, incapacity of a spouse, incapacity of a dependent child, or domestic violence during this same time period. Other reasons TANF cases close include paid employment, sanctions for noncooperation with child support enforcement or JOBS requirements, receipt of child support income, excess resources, dependent children no longer in the household, family requested the case to close, and other reasons.

The committee learned the number of TANF clients no longer receiving benefits but continuing to receive other assistance for the first and second quarters of 2007 include:

Program	First Quarter	Second Quarter
Child care assistance	141	130
Food stamps	522	510
Medicaid	516	479

Work and Education Participation

The committee learned North Dakota's work participation rate for August 2007 was 50.64 percent and each state must achieve a 50 percent minimum overall participation rate minus any caseload reduction credit. The caseload reduction credit is 6.1 percent for federal fiscal year 2007. During this same time period, an average of 391 TANF clients were in paid employment.

The committee learned the Department of Human Services has contracted with Job Service North Dakota for employment and training services since welfare reform in the late 1990s. As a result of North Dakota's TANF caseload declining over the years, many of the remaining TANF clients have greater challenges and are more difficult to serve. The department reduced its contract with Job Service North Dakota and began contracting with Career Options in November 2007 to provide services for a major portion of the JOBS program.

The committee learned current federal rules allow a participant to use education as an allowable activity for 12 months. State funds would need to be used to allow individuals to count education as an allowable activity for 24 months. The committee learned two options exist for providing TANF clients with funding for postsecondary education opportunities. The first option is to continue the current practice of clients applying for student grants and loans. In addition, TANF clients can currently receive up to \$1,000 in assistance per year for tuition and books. The second option is to use TANF funds to pay for all tuition and books. The average estimated cost for a student's tuition, fees, and books for one year is \$6,530. If all eligible TANF clients were to participate in a postsecondary education program, the total estimated cost would be approximately \$4,179,200 per year.

The committee learned the TANF program may be used to address areas of worker shortage in North Dakota. Successful welfare-to-work programs emphasize employment and provide a wide range of services that include a strong education and training component. Through the JOBS program, the department has the ability to match TANF clients with various career options.

The committee received information regarding other states' TANF initiatives. The committee learned:

- New Mexico "Education Works" program is used as an educational option for recipients of TANF.
- Arkansas "Work Pays" program provides assistance to prior TANF recipients in an effort to increase the percentage of recipients that are self-sufficient after leaving the TANF program.

The committee received information regarding strategies to maintain state flexibility despite federal TANF work participation rules. The committee learned strategies include:

- Work engagement strategies involve becoming more aggressive in engaging clients more quickly in work activities. An example of this type of strategy is the diversion assistance program that assists individuals to become employed before needing TANF benefits.

- Targeting or "take-out" strategies involve programs that focus efforts on increasing the effective engagement of those TANF recipients most likely to benefit. These programs provide assistance and services to families unlikely to meet work participation requirements or recipients that engage in activities that do not meet federal definitions. Because these individuals are receiving services and benefits under a separate program, they are not included in the TANF caseload.
- Postemployment strategies allow TANF recipients that are working be included in the TANF caseload.

Other Testimony Received

The committee received other information and testimony, including:

- Options to increase program efficiency and effectiveness, including:
 - Allowing payment of TANF transition child care expenses directly to the provider instead of the recipient;
 - Eliminating the delay and availability of the TANF grant for first-time ReliaCard users;
 - Extending education as an allowable JOBS activity from 12 months to at least 24 months; and
 - Establishing a penalty for all TANF households that submit their reports after the 10th day of the month.
- Information regarding the Career Options program.
- Information regarding available jobs and training for TANF recipients.

Recommendations

The committee makes no recommendations regarding the TANF program study.

STUDY OF ECONOMIC ASSISTANCE PROGRAM RESPONSIBILITIES OF THE STATE AND COUNTIES

Section 18 of Senate Bill No. 2205 (2007) provided for a Legislative Council study of the success and effects of the laws enacted by the 55th Legislative Assembly in House Bill No. 1041 (1997) and Senate Bill No. 2052 (1997), known as the "swap proposal," which required counties to pay the entire cost of the local administration of Medicaid, energy assistance, basic care assistance, child care assistance, and TANF in exchange for the state's assumption of the full responsibility for paying the grant costs associated with those programs. The study was to include a review of various sections of the North Dakota Century Code to determine if the provisions have created a more understandable and sustainable division of responsibility between the state and counties in the delivery and financing of these economic assistance programs.

Overview

The committee learned House Bill No. 1041, approved by the 1997 Legislative Assembly, required counties, effective January 1, 1998, to assume the financial responsibility for the cost of administering the following economic assistance programs:

1. Aid to families with dependent children (AFDC).
2. JOBS program.
3. Child care block grant.
4. IV-A at-risk child care.
5. Food stamps.
6. Medical assistance.
7. Low-income home energy assistance program (LIHEAP).
8. Refugee assistance.
9. Basic care assistance.

In return the bill required the state to assume complete financial responsibility for the grant costs of medical assistance and basic care assistance and to contribute additional support for the administrative costs of counties with Indian land. The bill was expected to result in additional general fund costs of \$2.2 million per year based on actual program costs for calendar year 1995. The estimated additional cost to the general fund for the 1997-99 biennium based on the January 1, 1998, effective date was \$3.3 million.

The committee received the following schedule which summarizes each section of House Bill No. 1041 and subsequent legislative changes:

1997 HB 1041 - Bill and NDCC Sections	Description/Amendment
Section 1 50-01.2-00.1	<p>Defines local expenses of administration and identifies the economic assistance programs included in the "swap" agreement</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • The 1999 Legislative Assembly amended the definition of local expenses of administration by removing reference to costs associated with achieving caseload ratios of 65 cases to one worker. • The 2001 Legislative Assembly amended the definition of local expenses of administration by replacing the training, education, employment, and management (TEEM) program with the TANF program. • The 2007 Legislative Assembly changed the programs included by removing child support enforcement programs and programs established under Section 50-06-01.8 which related to the department seeking a waiver for the TEEM program.

1997 HB 1041 - Bill and NDCC Sections	Description/Amendment
Section 2 50-01.2-06	<p>Relates to the standards of administration of economic assistance programs and procedures to follow if a county fails to provide for the administration of these programs</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • The 1997 Legislative Assembly amended this section to provide that members of the peer review committee be compensated in the amount of \$62.50 per day. • The 2001 Legislative Assembly amended this section to update statutory references relating to appeals hearings in district court.
Section 3 50-01.2-03.1	<p>Authorizes county social service boards to contract for the administration of economic assistance programs</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been changed.
Section 4 50-01.2-03.2	<p>Establishes the duties of the county in administering these economic assistance programs and provides for additional state funding for counties with an Indian reservation</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • The 1999 Legislative Assembly amended this section to establish a formula for providing financial assistance to counties within an Indian reservation. • The 2001 Legislative Assembly amended the Indian county payment formula by reducing the payment from 100 percent to 90 percent of an affected county's expenses that are in excess of the statewide average. • The 2005 Legislative Assembly amended this section to return the payment formula to 100 percent of an affected county's expenses that are in excess of the statewide average.
Section 5 50-03-00.1	<p>Provides that the definitions included in this chapter relating to county human service funds have the same meaning as in Chapter 50-01.2 relating to county social service boards</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been amended.
Section 6 50-03-08	<p>Identifies expenses that are the responsibility of the counties</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been amended.
Section 7 50-03-09	<p>Requires the Department of Human Services to develop a formula to determine each county's share of the costs identified in Section 50-03-08</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been amended.
Section 8 50-03-10	<p>Provides that the counties provide an annual recommendation to the Department of Human Services for determining the distribution of social service block grant funds, similar general fund equivalents, and child support incentive funds among the counties</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • The 2005 Legislative Assembly amended this section to provide that the department distribute child support incentive funds according to a formula that promotes performance and consistency in child support enforcement activities throughout the state. • The 2007 Legislative Assembly removed provisions relating to the department distributing child support incentive funds to counties.
Section 9, subsection 28 50-06-05.1	<p>Identifies the point at which funds are considered obligated when spent by the Department of Human Services</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This subsection has not been amended.
Section 10 50-06-20	<p>Identifies the economic assistance program grant costs that are the responsibility of the state. The programs include Medicaid, fuel assistance, basic care assistance, child care assistance, employment and training programs, welfare fraud detection programs, TANF programs, and special projects approved by the department.</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been amended.
Section 11 50-24.1-14	<p>This section identifies that the medical assistance grant costs, except for expenses identified under Section 50-03-08, are the responsibility of the state.</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been amended.
Section 12 50-24.5-09	<p>Provides that the responsibility for expenditures to the aged, blind, and disabled are the responsibility of the state, except for expenses identified under Section 50-03-08.</p> <p>Legislative changes:</p> <ul style="list-style-type: none"> • This section has not been amended.

State Appropriations for Economic Assistance Programs

The committee received information regarding state appropriations for economic assistance programs. The schedule below presents legislative appropriations for grant costs of TANF, basic care assistance, child care assistance, medical assistance, and Indian counties assistance for the 1997-99 through 2007-09 bienniums:

	1997-99	1999-2001	2001-03	2003-05	2005-07	2007-09
TANF						
General fund	\$5,700,000	\$5,500,000	\$3,950,382	\$3,950,382	\$3,938,442	\$4,314,942
Special funds	4,000,000	6,397,947	10,525,123	12,215,691	12,166,206	11,303,716
Federal funds	31,200,000	13,110,930	11,150,551	13,341,867	8,155,352	6,821,322
Total	\$40,900,000	\$25,008,877	\$25,626,056	\$29,507,940	\$24,260,000	\$22,439,980
Child care assistance						
General fund				\$5,726,109		
Special funds	\$3,528,016	\$3,675,262	\$4,013,314		\$4,226,895	\$5,225,819
Federal funds	14,749,420	12,832,634	17,233,719	21,335,096	17,736,229	17,401,999
Total	\$18,277,436	\$16,507,896	\$21,247,033	\$27,061,205	\$21,963,124	\$22,627,818
Basic care assistance						
General fund	\$1,654,727			\$747,857	\$5,374,918	\$6,097,305
Special funds	4,473,987	\$7,690,647	\$2,783,072	2,284,362	2,442,457	2,284,362
Federal funds			6,081,186	5,363,506	5,484,596	5,701,454
Total	\$6,128,714	\$7,690,647	\$8,864,258	\$8,395,725	\$13,301,971	\$14,083,121
Medical assistance¹						
General fund	\$180,467,562	\$195,469,683	\$217,096,629	\$259,872,239	\$305,282,957	\$367,900,585
Special funds	7,206,368	8,035,112	36,388,827 ²	12,584,800	29,940,507	36,772,356
Federal funds	422,301,922	471,880,515	550,022,159	596,320,683	637,259,645	711,393,360
Total	\$609,975,852	\$675,385,310	\$803,507,615 ²	\$868,777,722	\$972,483,109	\$1,116,066,301
Grants to Indian counties						
General fund		\$121,766	\$456,993	\$649,559	\$1,147,174	\$955,124
Special funds	\$1,059,000	1,654,654	2,068,007	1,964,607	1,964,607	1,964,607
Total	\$1,059,000	\$1,776,420	\$2,525,000	\$2,614,166	\$3,111,781	\$2,919,731
Total						
General fund	\$187,822,289	\$201,091,449	\$221,504,004	\$270,946,146	\$315,743,491	\$379,267,956
Special funds	20,267,371	27,453,622	55,778,343	29,049,460	50,740,672	57,550,860
Federal funds	468,251,342	497,824,079	584,487,615	636,361,152	668,635,822	741,318,135
Total	\$676,341,002	\$726,369,150	\$861,769,962	\$936,356,758	\$1,035,119,985	\$1,178,136,951

¹Includes nursing facilities, intergovernmental transfer payments, developmental disabilities services grants, and Medicare Part D "clawback" payments, but excludes Healthy Steps.

²Includes the \$16.3 million special funds deficiency appropriation from the health care trust fund and the permanent oil tax trust fund approved by the 2003 Legislative Assembly.

County Costs

The committee reviewed the following schedule of county administrative cost changes since state fiscal year 1999:

	SFY 1999	SFY 2000	SFY 2001	SFY 2002	SFY 2003	SFY 2004	SFY 2005	SFY 2006	SFY 2007
County administrative costs included in "swap"	\$19,725,886	\$20,301,458	\$20,950,351	\$21,678,741	\$22,640,962	\$23,722,533	\$24,634,452	\$25,572,647	\$26,373,314
Annual increase		\$575,572	\$648,893	\$728,390	\$962,221	\$1,081,571	\$911,919	\$938,195	\$800,667
Percentage increase		2.92%	3.20%	3.48%	4.44%	4.78%	3.84%	3.81%	3.13%

The committee learned information technology costs paid by the counties to the Department of Human Services are limited to actual calendar year 1995 costs increased by the consumer price index. The costs paid each year were:

	CY 1998	CY 1999	CY 2000	CY 2001	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006
Technology costs	\$550,943	\$563,064	\$582,208	\$598,510	\$608,086	\$622,072	\$638,868	\$660,589	\$681,728
Annual increase		\$12,121	\$19,144	\$16,302	\$9,576	\$13,986	\$16,796	\$21,721	\$21,139
Percentage increase		2.20%	3.40%	2.80%	1.60%	2.30%	2.70%	3.40%	3.20%

Indian County Payments

The committee learned prior to the 1997-99 biennium, the Department of Human Services was appropriated \$440,000 to be allocated to Benson, Sioux, and Rolette Counties for assisting in the cost of providing economic assistance programs due to the large amount of tax-exempt land in these counties. The

1997 Legislative Assembly provided an additional \$619,000 to the Indian county appropriation for assistance to these counties. Beginning in the 1999-2001 biennium, the Indian county payments were based on a statutory formula. The following schedule provides information on Indian county payments since the 1997-99 biennium:

		Locally Administered Economic Assistance Program Costs in Excess of Statewide Average Costs (Expressed in Mills)			
		Formula Effective January 1, 2000	Reimbursed at 90 percent		Reimbursed at 100 percent
County	1997-99 Biennium	1999-2001 Biennium	2001-03 Biennium	2003-05 Biennium	2005-07 Biennium
Benson	\$174,086	\$266,641	\$393,794	\$441,930	\$540,101
Dunn		30,132	40,788	59,543	68,122
McKenzie		100,036	167,740	105,352	106,518
Mountrail		140,661	270,437	321,497	415,824
Rolette	704,672	926,269	1,193,203	1,347,762	1,499,962
Sioux	180,236	312,681	415,014	440,542	560,359
Total	\$1,058,994	\$1,776,420	\$2,480,976	\$2,716,626	\$3,190,886
Biennial increase		\$717,426	\$704,556	\$236,650	\$474,260
Percentage increase		67.75%	39.66%	9.50%	17.46%

Fiscal Effect of the Swap Agreement

The committee learned since the "swap" agreement, the reimbursement process and budgeting have become easier for counties. Counties have better control over staffing issues and are able to better manage tax revenue requirements. The agreement has resulted in efficiencies to counties for administering economic assistance programs.

The committee received information regarding the estimated fiscal effects of the "swap" agreement on counties and the state. For the 2005-07 biennium, the committee learned counties avoided an estimated \$14.28 million of costs due to the agreement. The following schedule details the avoided county costs since 1999:

	1999-2001	2001-03	2003-05	2005-07
Grant costs in excess of administration reimbursement	\$870,000	\$3,700,000	\$6,530,000	\$10,300,000
Additional funds for countywide cost allocation plan fee	230,000	70,000	0	0
Additional computer costs in excess of fiscal year 1995 costs adjusted for inflation	890,000	1,650,000	1,240,000	1,230,000
Additional Indian county funds provided in excess of \$440,000	1,340,000	2,040,000	2,280,000	2,750,000
Total avoided county expenditures and corresponding additional state costs	\$3,330,000	\$7,460,000	\$10,050,000	\$14,280,000

Recommendations

The committee makes no recommendations regarding the study of the economic assistance program responsibilities of the state and counties.

INFANT DEVELOPMENT PROGRAM STUDY

Section 9 of Senate Bill No. 2012 (2007) directed a study of infant development programs, including a review of the state's lead agency agreement, service coordination, staffing, and funding structure, including the adequacy of the funding and the equitable distribution of funds to providers.

Overview

The committee learned the Department of Human Services' infant development program provides home-based, family-focused services to families with eligible children up to three years of age. The program provides information, support, and training for families to assist them in meeting their child's needs. Children are eligible for the infant development program if the child is developmentally delayed or at high risk of becoming developmentally delayed. A child is considered developmentally delayed if the child is performing below age norms by 25 percent or more in two or more of the following areas:

- Cognitive development.
- Gross motor development.
- Fine motor development.
- Sensory processing.
- Communication development (receptive or expressive).
- Social or emotional development.
- Adaptive development.

A child is also considered developmentally delayed if the child is performing below age norms by 50 percent or more in one of the following areas:

- Cognitive development.

- Physical development (including vision and hearing).
- Communication development (including receptive and expressive).
- Social or emotional development.
- Adaptive development.

There are no financial eligibility criteria for receiving infant development services.

The committee learned infant development programs are not facility-based nor do they provide direct therapy for children. The infant development service delivery model provides support to the family of the eligible child and provides training to the family through natural learning opportunities that occur within home and community-based routines. Services are provided in the family's home, child care settings, or other community programs to support the family and child.

The committee learned developmental disabilities case managers employed through the regional human service centers authorize early intervention services, including infant development, family subsidy, and family support services depending on each family's needs and preferences. Other services a case manager will help families identify, access, and coordinate include physical, occupational or speech therapy, specialized medical care, child care, adaptive equipment, and other support services available within the community. Approximately 41 percent of children who receive developmental disabilities case management prior to three years of age continue to receive case management after their third birthday.

The committee learned the Department of Human Services as the lead agency has entered into agreements with other service agencies to identify and provide services to eligible children and their families, including special education in schools and the Department of Public Instruction; State Department of Health; Head Start; child care, medical services, child protective services, foster care, mental health service program; tribal early childhood programs; and family support organizations. Infant development providers in the state include:

1. Northwest Infant Development Program - Williston.
2. Minot Infant Development Program - Minot.
3. Lake Region Kids Program - Devils Lake.
4. Northeast Regional Kids Program - Grand Forks.
5. Southeast Regional Kids Program - Fargo.
6. South Central Regional Kids Program - Jamestown.
7. Bismarck Early Childhood Education Program - Bismarck.
8. Standing Rock Early Childhood Infant Development Program - Fort Yates.
9. KIDS Program - Dickinson.

Number Served and Staffing

The committee learned the North Dakota infant development service delivery model is a transdisciplinary primary coach model with staff that are adult educators/coaches that work with the caregivers. A total of 72.66 full-time equivalent positions are either

employed or contracted for by the programs. Infant development programs must employ or have contracts with physical therapists, occupational therapists, speech pathologists, educators, social workers, and other early intervention consultants.

The committee reviewed the following schedule which details the number of infants and toddlers receiving infant development services by region on October 1, 2008:

Region	Number Served
Northwest	39
North Central	79
Lake Region	61
Northeast	148
Southeast	207
South Central	80
West Central	224
Badlands	70
Total	908

The number of children receiving infant development services has increased from 675 during July 2005 to 908 in October 2008. The increase is primarily a result of having more resources available to identify eligible infants and toddlers.

Funding

The committee learned funding for the infant development program is provided from the state general fund and federal Medicaid and federal Individuals with Disabilities Education Act Part C funds. Part C funds, which are used to encourage states to develop early interventions services, are used in the program for children entering the system. The funds provide reimbursement for the first partial month of service.

The committee reviewed the following schedule which details the legislative appropriation for the program and the projected program expenditures for the 2007-09 biennium:

	2007-09 Legislative Appropriation	2007-09 Projected Expenditures
General fund	\$3,892,327	\$3,600,395
Federal Medicaid funds	6,910,638	6,696,909
Federal Part C funds	82,164	267,840
Total	\$10,885,129	\$10,565,144

The committee learned private organizations provide infant development services in all human service regions. Prior to the 2007-09 biennium, four human service centers--Northwest, Northeast, Southeast, and South Central--hired staff to provide these services directly.

The committee learned payment rates for infant development services are developed based on a retrospective ratesetting process. This process involves the department setting an interim rate for the upcoming year. Each provider's rate is unique and is dependent on the provider's budgeted allowable costs. Providers submit a statement of budgeted costs to the department each year which is used to establish the interim rate. The final rate is determined at the close of the fiscal year

after each provider reports actual costs for the previous fiscal year. The department reviews the reports to determine whether the reported costs are allowable, reasonable, and client-related. The actual costs are compared to the reimbursements the provider received for the year based on the interim rate. Settlement is then made at the end of the year through either a refund paid to the department by the provider if overpayment occurred or an additional payment to the provider is made by the department if the provider was underpaid for the year. Current interim rates paid to providers for infant development services range from \$17.25 to \$29.25 per day with a daily average of \$24.24.

Other Testimony Received

The committee received other information and testimony regarding the study. Concerns expressed in testimony included:

- Current funding levels for the infant development program make it difficult for providers to hire and retain qualified professional staff.
- Computer equipment used by infant development providers is purchased and maintained by the state. However, the equipment is often outdated and difficult to use.

Recommendations

The committee makes no recommendations regarding the infant development program study.

MANDATED HEALTH INSURANCE COVERAGE

North Dakota Century Code Section 54-03-28 provides that the Legislative Council is to contract with a private entity, after receiving one or more recommendations from the Insurance Commissioner, to provide a cost-benefit analysis of every legislative measure or amendment mandating health insurance coverage of services or payment for specified providers of services. The Human Services Committee was assigned responsibility to make a recommendation regarding this contract.

The committee learned the Insurance Commissioner is to pay the cost of the contracted cost-benefit analysis services, and the analysis must include:

1. The extent to which the proposed mandate would increase or decrease the cost of services.
2. The extent to which the proposed mandate would increase the use of services.
3. The extent to which the proposed mandate would increase or decrease administrative expenses of insurers and the premium and administrative expenses of the insured.
4. The impact of the proposed mandate on the total cost of health care.

North Dakota Century Code Section 54-03-28 provides that any legislative measure mandating health insurance coverage may only be effective for the next biennium and is limited to the public employees health insurance program. For the subsequent Legislative Assembly, the Public Employees Retirement System

(PERS) must prepare and request introduction of a bill to repeal the expiration date and expand the mandated coverage to all accident and health insurance policies.

Health Insurance Mandate Analysis Costs

The committee received information regarding agency budgets for health insurance mandate analyses and recent costs incurred. The committee learned the Insurance Department has budgeted \$55,000 for the cost-benefit analyses each biennium since 2003. During the 2005 legislative session, two bills were referred for cost-benefit analysis at a total cost of \$8,323. In addition, the Insurance Department paid \$5,606 for general project work to the contractor during the 2005 legislative session for total payments of \$13,929. During the 2007 legislative session, there were no health insurance mandates referred for cost-benefit analysis.

The committee learned PERS has not required the use of a consultant when evaluating legislative measures mandating health insurance coverage. However, if a future analysis does require additional resources, NDCC Section 54-52.1-06.1 provides a continuing appropriation to PERS for consulting services related to the uniform group insurance program.

Insurance Commissioner Recommendation

The Insurance Commissioner recommended that based on proposals received from interested entities, the Legislative Council continue to contract with Milliman, Inc., for cost-benefit analyses during the 61st Legislative Assembly.

Recommendations

The committee recommends the Legislative Council contract with Milliman, Inc., for cost-benefit analyses of future legislative measures mandating health insurance coverage pursuant to NDCC Section 54-03-28.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM REPORT

North Dakota Century Code Section 50-29-02 requires the Department of Human Services to report annually to the Legislative Council regarding enrollment statistics and costs associated with the state children's health insurance program (SCHIP) which is known as the Healthy Steps program. The Legislative Council assigned this responsibility to the Human Services Committee.

The committee learned that the 2007 Legislative Assembly provided funding of \$20.2 million, of which \$4.6 million is from the general fund and \$15.6 million is from federal funds for Healthy Steps, for the 2007-09 biennium. Compared to the 2005-07 legislative appropriation, the funding provided is an \$8.1 million increase, \$1.7 million of which is from the general fund and \$6.4 million of which is from federal funds. The Legislative Assembly made a number of adjustments to the funding for Healthy Steps, including adding funding to allow income eligibility disregards similar to the Medicaid program and reducing funding to reflect an anticipated reduction in the cost and caseload/utilization

of the program from the amounts included in the executive budget. In addition, in House Bill No. 1463, the 2007 Legislative Assembly increased Medicaid eligibility for children under 19 years of age from 100 percent to 133 percent of poverty and the SCHIP net income eligibility from 140 percent to 150 percent of poverty. The Medicaid eligibility change was contingent on approval by the federal government. The federal government approved the expansion of the CHIP eligibility level to 150 percent of poverty in June 2008 and the change was effective October 1, 2008.

The committee learned through August 2008, 4,038 children were enrolled in the Healthy Steps program. As a result of the program eligibility expansion to include children within 150 percent of the federal poverty level, an additional 800 children are expected to qualify for the program during the first 12 months under the new eligibility requirements.

MEDICAL ASSISTANCE RECIPIENTS ACCESS TO DENTAL SERVICES REPORT

The 2007 Legislative Assembly approved House Bill No. 1246 providing an appropriation of \$444,198, of which \$160,000 is from the general fund, to the Department of Human Services for increasing funding for children's dental services under the Medicaid program for the 2007-09 biennium. The bill requires the department to report to the Legislative Council before August 1, 2008, on the status of medical assistance recipients' access to dental services. The Human Services Committee was assigned responsibility to receive this report.

For the 2007-09 biennium, the legislative appropriation for Medicaid dental services, including the \$444,198 referred to above, totals \$13 million, of which \$4.7 million is from the general fund. For the 2005-07 biennium, the Legislative Assembly appropriated \$13.3 million, of which \$4.7 million was from the general fund for dental services under the Medicaid program. Dental-related expenditures totaled \$12.3 million for the 2005-07 biennium.

The committee learned the Department of Human Services has met with the North Dakota Dental Association for the purpose of seeking input regarding the allocation of funds appropriated in 2007 House Bill No. 1246. Dental providers expressed concerns regarding patients who fail to appear for the appointment and the level of reimbursement for services provided. Through June 2008 program expenditures totaled \$6.3 million and total biennial expenditures are anticipated to be \$14.5 million, \$1.5 million more than the \$13 million appropriated for the biennium.

IMMUNIZATION PROGRAM TRANSITION

Subsection 3 of Section 2 of 2007 House Bill No. 1435 provides that during the 2007-08 interim, the State Department of Health's Immunization Task Force report periodically to the Legislative Council regarding the impact of the immunization program transition on local public health units and that the State Health Officer provide periodic reports to the Legislative Council regarding the fiscal impact of the transition. The Human

Services Committee was assigned responsibility to receive the reports.

Overview

The committee learned that, pursuant to Section 2 of House Bill No. 1435, the Immunization Task Force consists of at least seven members--at least three representing local public health districts, at least three representing private health care providers, and representatives of the State Department of Health. The bill provides that the state transition from a universal-select immunization program to a Provider Choice immunization program. In 2005, due to increasing costs of vaccinating children, North Dakota moved from a universal state in which all vaccines are provided to all children, even those insured, to a universal-select state in which all vaccines are provided to all children eligible for a federal program called Vaccines for Children, which generally includes children that are uninsured, underinsured, Medicaid-eligible, or American Indian, and most vaccines are provided to most insured children.

The committee learned the Provider Choice program is a program to manage and cost effectively pay for all recommended vaccines for all children. Since 2005 significant changes have occurred in childhood immunization programs, including a possible decline in federal funding for immunizations and the introduction of several very expensive, newly recommended vaccines. The Provider Choice program continues the provision of federal vaccines to providers for eligible children and gives providers the choice of purchasing all other vaccines through the State Department of Health where they can achieve lower vaccine costs through multistate, large-volume purchasing agreements. Vaccines for all children will be provided either through the federal Vaccines for Children program or through an individual's health insurance. Some copayments may apply.

The committee learned 2007 House Bill No. 1435 delayed the implementation of the Provider Choice program until December 31, 2007, and provides a \$2 million general fund appropriation to pay for the nonfederal vaccine costs until the program is implemented and paid through private insurance companies. Of the \$2 million appropriation, \$500,000 is available only if the department determines it necessary to continue to purchase vaccines after December 31, 2007. The department estimates expenditures of \$1.3 million related to the transition. Therefore, the \$500,000 designated for vaccine purchases after December 31, 2007, is not anticipated to be used.

Federal "317" Vaccine Allocation

The committee received information regarding the uses of federal "317" vaccine allocations by the State Department of Health. The committee learned the department receives a yearly allocation of vaccine through Section 317 direct assistance grants. The grants are intended to allow grantees to provide vaccine for populations at the greatest risk for undervaccination and disease. The emphasis has historically been placed on children whose health insurance does not provide for immunizations, but the program may be used to provide

vaccine for all children and adults. Children who do not have health insurance or are eligible for Medicaid receive vaccinations through the federal Vaccines for Children program rather than the "317" program.

Program Transition

The committee learned the immunization transition project required the development of a billing process for local public health units. Two local public health units were chosen as testing sites and completed testing of the billing system in February 2008. On March 31, 2008, all local public health units began billing insurance companies. Local public health units electronically submit information to the University of North Dakota School of Medicine and Health Sciences through the North Dakota immunization information system. The University of North Dakota provides billing services on behalf of the health units, including the collection of insurance copayments and deductibles, and withholds \$2 from each vaccination payment for administrative costs. Two local public health units have computer systems that are not interfaced with the North Dakota immunization information system which requires the entry of data in two separate computer systems.

Anticipated Costs

The committee learned the State Department of Health anticipates spending \$1.3 million from the general fund appropriated by House Bill No. 1435. Additional costs may be incurred as the department continues to monitor the status of the transition and the needs of the local public health units.

Other Information Received

The committee received additional information regarding the impact of the immunization program transition. Concerns expressed regarding the transition included:

- The difficulty of local public health units in obtaining insurance information.
- The large amount of vaccine required to be stored by local public health units.
- Excessive administrative costs incurred by local public health units for providing immunizations.

TRANSITION ASSISTANCE FOR CHILD CARE PROGRAM REPORT

Section 5 of 2007 Senate Bill No. 2186 provides that the Department of Human Services report to the Legislative Council regarding the transition assistance for the child care program implemented in Section 1 of the bill. The Human Services Committee was assigned responsibility to receive the report.

The transition assistance for child care program is to pay for a portion of the child care expenses for a period of up to six months for families no longer eligible for TANF benefits because of employment earnings. Federal funds totaling \$1,491,210 were appropriated to the program for the 2007-09 biennium.

The committee learned the Department of Human Services completed necessary computer programming

changes to implement the program in August 2007. Through September 2008, 719 TANF families utilized transitional child care assistance and received benefits of \$393,492. Total program expenditures for the 2007-09 biennium are anticipated to be \$990,661.

ALTERNATIVES-TO-ABORTION PROGRAM REPORT

The Legislative Assembly approved 2007 Senate Bill No. 2312 which continues the alternatives-to-abortion services program. Pursuant to Section 2 of the bill, the Department of Human Services was to provide a status report regarding the program to the Legislative Council. The Human Services Committee was assigned responsibility to receive the report.

The committee learned the program began in 2005 and provides funds to organizations that provide alternatives-to-abortion services and educate the public about the program. The Legislative Assembly appropriated \$500,000 of federal funds for the program during the 2005-07 biennium and appropriated \$400,000 of federal funds for the 2007-09 biennium.

The committee learned 882 women received services through providers of alternatives-to-abortion services from July 2007 through September 2008. Information on alternatives to abortion was distributed in September 2007 to higher education institutions and larger high schools in the state. Total program expenditures for the 2007-09 biennium are anticipated to be \$301,958.

NURSING EDUCATION CONSORTIUM REPORT

The 2007 Legislative Assembly approved Senate Bill No. 2379 providing for the establishment of a Nursing Education Consortium to establish a mobile clinical nursing simulation laboratory. The bill appropriated \$200,000 from the general fund for defraying a portion of the cost of the simulation laboratory. The consortium may receive and spend other funds for the purpose of establishing the simulation laboratory program and other activities of the consortium. The bill requires the Dean of the University of North Dakota College of Nursing to report to the Legislative Council during the 2007-09 biennium on the activities of the consortium. The Human Services Committee has been assigned responsibility to receive this report.

The committee learned the consortium consists of 28 members from education, employers, professional associations, and workforce. The consortium is planning to submit grant proposals to access additional funding. The consortium's strategic plan for 2007-09 includes the following initiatives:

Initiative	Action Plan
Remove obstacles to better meet current and future nursing needs	Obtain additional funding for faculty salaries Provide for appropriate enhancements for nursing faculty, such as dues, licensing costs, research, and teaching support Define specific plans for recruitment and retention of nursing education and clinical faculty

Initiative	Action Plan
Focus on the nursing needs of rural communities	Develop "grow-your-own" resources
	Develop additional rural clinic sites
	Enhance school nurse resources
	Increase simulation laboratory availability for rural students
Develop a collaborative program to develop mobile and stationary simulation laboratories	Strategize continuing needs for stationary and mobile laboratories using best practices
	Develop case statement for simulation laboratory development
	Pursue private, foundation, or federal funding for simulation laboratories for North Dakota nursing education

The committee received information regarding the demand for nurses in the state. The committee learned there is currently a minor shortage of registered nurses in the state but supply is expected to meet demand by 2009. The future supply of nurses is expected to increase due to larger enrollments in nursing education programs. However, concern exists regarding the limited availability of nurses in rural areas of the state.

DRUG UTILIZATION REVIEW BOARD REPORT

The Legislative Assembly approved 2007 House Bill No. 1422. Section 2 of the bill provided that during the 2007-08 interim, the Drug Utilization Review Board review the utilization, cost, and effectiveness of the drugs identified in NDCC Section 50-24.6-04(3) relating to mental illness, acquired immunodeficiency syndrome (AIDS), human immunodeficiency virus (HIV), and cancer-related drugs exempt from the prior authorization process. The board was to make recommendations for managing the utilization of these drugs and report semiannually to the Legislative Council regarding its progress and provide a final report by October 1, 2008, of its findings and recommendations for legislative changes. The Human Services Committee was assigned responsibility to receive these reports.

The committee learned federal regulations require each state to establish a drug use review program to assure prescriptions distributed under the Medicaid program are appropriate, medically necessary, and not likely to result in adverse medical results. Membership of the North Dakota Drug Use Review Board is identified in statute and consists of doctors, pharmacists, pharmacy industry representatives, and consumer advocates. The board is to make recommendations regarding drugs to be placed in a prior authorization status and to conduct an annual review of all drugs in a prior authorization status.

The committee reviewed policies and procedures of the Drug Utilization Review Board. The committee learned the board adopted procedures that limit the distribution of certain information to board members. All contact by representatives of the Pharmaceutical Research and Manufacturers of America Association regarding board matters must be made through the board coordinator or the Department of Human Services Medicaid pharmacy program staff.

The committee received information regarding the activities of the board. The committee learned the board made the following recommendations in each drug class:

Drug Class	Recommendation
HIV/AIDS	The board recommends Medicaid should not prior authorize HIV/AIDS medication, and a law need not exist to prohibit action in the future, specifically if a physician prescribed outside the AIDS drug assistance program guidelines.
Oncology	The board recommends prior authorizing antineoplastics and that the board be involved in the prior authorization of certain agents using private insurance as a guideline.
Attention deficit hyperactivity disorder	The board recommends removing the prior authorization exemption for this class, prior authorizing Vyvanse after the Adderall XR trial, and prior authorizing Daytrana.
Antidepressants	The board recommends placing certain selective serotonin reuptake inhibitor medications on prior authorization and, therefore, removing the exemption for the antidepressant class of medications.
Antipsychotics	The board recommends prior authorizing alternate dosage forms and Invega if the exemption was removed from this class of medications.
Anticonvulsants	The board made no recommendation.

OTHER INFORMATION RECEIVED

The committee received information on the Mental Health America of North Dakota 2-1-1 program. The committee learned through July 2008 four state agencies had contracts with the 2-1-1 program during the 2007-09 biennium. In 2007 funding received by the 2-1-1 program from state agencies totaled \$25,126. Mental Health America of North Dakota does not charge a fee for entities to be listed in its 2-1-1 database. However, a fee may be charged if services to be provided require special training for staff, extra website or database activities, or specific entity reporting needs.

The committee received updates from the Department of Human Services on the Medicaid management information system project. The committee learned the department is negotiating with the project vendor relating to changes to the project schedule. The projected completion date has been extended due to issues arising with the project vendor. However, there are no anticipated costs associated with updates to the program due to the project delay. In addition, the project contract provides that the vendor will include any federal coding changes in the program.

The committee received information regarding recipient liability within Department of Human Services programs. The committee learned medically needy coverage is available for Medicaid recipients whose incomes are too high to qualify for supplemental security income or TANF programs but who do not have enough income to meet their medical needs. Medically needy coverage requires recipients to spend down their excess income on medical expenses prior to Medicaid paying

any additional medical costs. Medically needy income levels are intended to allow an individual, couple, or family enough money to meet the expenses for shelter, food, utilities, clothing, and other maintenance needs. The following schedule compares the medically needy income eligibility levels to other programs:

Family Size	Medically Needy	Supplemental Security Income	Food Assistance (Supplemental Nutrition Assistance)	Fuel Assistance (LIHEAP)
1	\$500	\$637	\$867	\$1,757
2	\$516	\$956	\$1,167	\$2,297
3	\$666	N/A	\$1,467	\$2,838
4	\$800	N/A	\$1,767	\$3,378

The committee received information on the estimated cost of increasing the income eligibility levels of the medically needy program from \$500 to \$720 for a one-person household and \$516 to \$969 for a two-person household. The committee learned the cost increase for the 2009-11 biennium would be \$5.5 million, of which \$2 million is from the general fund.

The committee received other information, including information from the Department of Human Services regarding department budget updates, the number of information technology employees, Medicaid prescription drug spending, and the transfer of long-term care beds in the state.