

**2011 HOUSE HUMAN SERVICES**

**HB 1032**

# 2011 HOUSE STANDING COMMITTEE MINUTES

House Human Services Committee  
Fort Union Room, State Capitol

HB 1032  
January 10, 2011  
12703

☐ Conference Committee

Committee Clerk Signature

*Vicky Crabtree*

## Explanation or reason for introduction of bill/resolution:

Provide a voucher system for mental health and substance abuse payment program.

## Minutes:

**Chairman Weisz:** Called the meeting to order on HB 1032.

**Sheila Sandness:** Fiscal analyst from the Legislative Council gave information on the bill. (See Attached Testimony #1.)

**Rep. Hofstad:** This bill seems to be a great example of death by fiscal note. In my district we have some underserved people. Live next to an Indian Reservation and ongoing flood for some 17 or 18 years. So the incidence of mental health and substance abuse is really rampant. I'm wondering if indeed we have a need of 400 clients of \$6,000 a year, are we not serving these people? It seems to me that it is apparent, that we are not serving these people. I think this an attempt to look at something that provides accessibility, accountability, and affordability to these people. Explain to me, if we have 400 clients that are underserved, how are we providing and paying for them right now?

**Sheila Sandness:** I would have to have the department explain the fiscal note. Some of these clients may already be served through the human service centers. I defer to the department because they prepared the fiscal note.

**JoAnne Hoesel:** Director of the division of Mental Health and with Substance Abuse with the Department of Human Services. Preparing the fiscal note was very difficult and it is not our intent to do what you alluded to. Once I go through this with you we will provide you with some ways to adjust that. Depending on what the committee chooses to do. There we a lot of questions that were unanswered during the interim committee. We split them out into specific sections so I can identify where you want to adjust certain things in the fiscal note that would make a difference. I know that not everybody in the state of North Dakota is being and that is for a number of reasons. Depending on the region and service. It could be access by transportation. Whether they have a belief that they need that type of service and are the providers available to name a few. There are 20 million people in the nation that need substance abuse treatment and not getting it. This is the approach we took with the fiscal note.

**Chairman Weisz:** When you calculated your 400 clients at a maximum of \$6,000, is the \$6,000 the average of that currently is costing in services? Where did you come up with the 400?

**JoAnne Hoesel:** Actually that was a combination of things. Spoke to two private providers in Fargo and got their costs to provide a day treatment service. Not including residential. This was actually lower than the average. In terms of the access to recovery which is a federal grant voucher program, they do have managing on the basis of reasonable costs document. They indicate what ranges of cost they feel is reasonable when one applies for that grant. We looked at that as well keeping in mind the scope of that grant, access to recovery is substance abuse specific. It does not include the varied services that are included in this bill. When you add psychological, psychiatric, residential services you are going to see those costs go up. If the committee would want to limit that type of service and focus on a specific type of delivery, absolutely that is going to affect your fiscal note. The number in the fiscal note can be adjusted depending how you want to implement the voucher bill and if you want to focus on specific things to make sure they are delivered.

**Rep. Hofstad:** I agree with you that the bill is very wide and probably way too encompassing. I want to focus on one thing you said about the HER grant. Is it true that these studies have shown this system does provide better accessibility and more affordability? Is that inclusive in the HER program and grant?

**JoAnne Hoesel:** They awarded in August the fourth wave of those grants around the country. We have three waves of states that have implemented this sort of thing. They have found that they absolutely increase access. They are expanding their serves as well. Transportation, new location and new options among the expansion. People can address some of the reasons they weren't seeking services in the current system. They have not found that it decreases costs. The intent of the HER grants are to increase access and consumer choice.

**Rep. Hofstad:** Would you explain to the committee the problems associated with the application to that grant and why we are not presently applying for that grant?

**JoAnne Hoesel:** Some of this maybe my opinion as well. We seem to have difficulty applying and being awarded this type of grant. Part could be because of the numbers in our state and often when grant programs are initiated they want to be able to say we are serving this number of million people. Talking from the national perspective. When they get to North Dakota our numbers are obviously not going to add a whole lot to their larger number. I believe that is one of the reasons we don't fair very well. In this last effort to apply for a grant, the state and providers had to signoff that this acknowledges that there are multiple ways that a person can enter recovery; that my way is not your way and it really needs to be the person's choice. We had conversations with the court system with providers, addiction counselors, county social services and we made the decision that we were not ready at what was required in the grant. I don't want you to hear that we are not ready for a voucher program as there are many ways to do a voucher program. But, what the federal government was requiring from us we could not deliver without a planning period of time. They were not allowing that planning to occur. They were anticipating that

if you got the grant you had to hit the road running without the preparation time we need in the state.

**Rep. Porter:** Are any of these services that are inside of the pilot program new?

**JoAnne Hoesel:** No. It would be an expansion. Dependent on how the committee would want to do recovery services. The national grant is very heavy on what happens after what we would consider the more traditional treatment episode, such as sober housing and transportation fees. We don't pay for people to get to most services in our state at least through our treatment system. Recovery coaching and mentors would be new because North Dakota does not have a robust recovery system. Depending on where you want to go and focus on, most of them wouldn't be.

**Rep. Porter:** In the interim committee, what are the access issues that prompted the bill or the need for the program?

**JoAnne Hoesel:** Perhaps Legislative Council could summarize that better. I think distance and provider choice is what I heard.

**Rep. Porter:** Would it be possible for the department to breakdown the fiscal note by category? So if we did one or two of the three we can see what it is for all three and so there would be a multitude of combinations that would be presented so we could look at. After looking at it we could say if it is truly going to be a pilot program that the big need is truly is in rural areas, or really in areas where there is under service on recognized Indian Reservations.

**JoAnne Hoesel:** As it stands now it is per person, so you can adjust the Fiscal Note (FN) by decreasing the number of people and focusing on one region. We would need guidance in how far you want these services to go. If you include transportation and residential, the residential increases costs dramatically which will affect your FN.

**Rep. Porter:** Is residential included in the FN now?

**JoAnne Hoesel:** Yes. You would have some residential and safe beds and attendant care costs that could be pulled into the fiscal note.

**Rep. Porter:** I would appreciate seeing those breakdowns of those new programs that are included into this and also, if it is focused into a pilot program for a rural or urban area, or Indian Reservation area so that we could see those breakdowns.

**Chairman Weisz:** Can you look at it at a perspective if we were to limit it to X number of clients, is that a problem?

**JoAnne Hoesel:** You can do that. It would be helpful if you would be open to include, especially in a rural area, transportation is a real issue. In order to open up access, that would be something that could be covered.

**Chairman Weisz:** And you haven't had that as part of your estimate.

**JoAnne Hoesel:** It could be if you want to go to the 6,000. Depending upon what region you look at it will affect your ability to offer some of the services because there are no providers. There are existing services, but not everywhere in the state and that will be a factor as well. Consumer choice maybe limited and is that accomplishing what we want and maybe we want to put more emphasis on growing those services as well. Have to look at consumer base and the potential of that as well.

**Chairman Weisz:** The committee will have a discussion on where we would like things to be handled and let you know and have you put the numbers together. If that is what the committee wants to do.

**Rep. Louser:** It says the department will seek funding for the pilot voucher payment program from federal, special, or other funding sources, seems very vague. In the event there isn't any other funding, what is the effect of this pilot program?

**JoAnne Hoesel:** It is not in our budget. I am on record during the interim committee that I am very supportive of a voucher type of program. Consumer choices are really important in increasing access.

**Rep. Porter:** On the FN it is showing all of the categories are other funds. There are no state general fund dollars that would be a part of this pilot project?

**JoAnne Hoesel:** We built this on that we would be the last resort. If a person would have insurance or Medicaid program, we would seek those reimbursements first. We you look at person you want to reach, that is not the case, so we would pursue that, but it is hard for us to know what that nix would be. At this point and time it is general fund it is an unknown.

**Rep. Porter:** It doesn't show any general fund dollars on the FN. Shows them all as other.

**JoAnne Hoesel:** (Someone from audience spoke and it is in audible.) What he said was that we were suppose to seek other funding and not really state funding, so I'm not sure what that means.

**Rep. Hofstad:** Explain to me again how that flow of dollars works. If there is in a voucher system Medicaid and insurance, do those dollars flow to you or to the provider or how does that work?

**JoAnne Hoesel:** The reimbursement for insurance and Medicaid are an agreement between the insurance company, Medicaid and the provider. It would not come to the department. When you set up a voucher you decide what is a reasonable reimbursement for a particular service and then the provider has to provide documentation on the individual. Did they have third party reimbursement? If so, whatever the gap would be between the fee and reimbursement, this voucher program would pay the difference. The provider would always get the negotiated fee.

**Rep. Hofstad:** Would it not be true the different providers receive different levels of remuneration especially in Medicaid and private providers? That seems to me to be a somewhat of a convoluted system to begin with. I'm not sure how you rectify that.

**JoAnne Hoesel:** That is a process that is common. We are just the inter-mediator to pay the difference.

**Chairman Weisz:** Just to clarify, you will set a figure for a particular type of service and if it isn't whatever they say it is then if insurance and the other payers don't cover the fee, what is left you will kick in?

**JoAnne Hoesel:** The process generally is that when you start a voucher system, you have a menu of services that you want this voucher system to reimburse for. We will come up with a fee schedule that says this is what our fees are going to be and what we will reimburse. The department and the provider would have to enter into an agreement that the provider agrees to provide this service and be reimbursed at that level.

**Senator Mathern:** From district 11 in Fargo testified in support of the bill. (See attached Testimony #2.)

**Robert Spencer:** Chief of Operations for Center for Solutions testified in support of the bill, but not for the fiscal note attached to the bill. (See attached Testimony #3.)

**Rep. Porter:** As you look at what is trying to be established in this bill, what would you see as other options to move forward with the voucher program, but basically cut the department out; and make it a privately contracted run program so all parties are treated equally and not an unfair advantage department run type programs?

**R. Spencer:** Had not given that a lot of thought as far as taking in out of the DHS. I do believe that the DHS needs very strong direction and a tight outline with instructions as to this is what you will accomplish. Or, they are not going to be focused enough and there will be too many questions and uncertainties. I've been in business my entire life and enjoyed the DHS witness entering into negotiations with you over this bill while all the time it is trading. It is never you saying what you want and expect, it is if you want something you have got to trade it for something else. That is not the way most of the real world works. Somebody needs define a project and somebody says this is what we need to accomplish and this is why.

**Rep. Hofstad:** Part of this whole thing is outcome and performance. Could you help me and this committee understand the accountability or outcomes compared to private industry and human service departments. Is there a difference that we can measure and discern or is it open to subjection and somebody's opinion?

**R. Spencer:** That is one of the issues that I believe the Legislature needs to address is a standard by which you can judge what an appropriate outcome is. Right now within the industry you have lots of different versions of outcome studies. Many times they are the result of, we know what we want to prove so we will design the study that will give us that result. That applies to most treatment facilities I believe. There is a real lack of defined

outcomes. I believe health care is moving in the direction of here is how we are going to measure, here is what we expect you to accomplish and here is what we want the result to be and that is where the state of ND needs to go. I believe the privates have a better outcome. Most of our referrals depend on us doing well for others.

**Jerry Jurena:** President of the ND Hospital Association, testified in support of the bill. (See Testimony #4.)

**Rep. Holman:** Do you have experience with the voucher system in other states or do other states do a better job of providing mental health services in rural areas?

**Jerry Jurena:** No.

**Kevin Dauphanis:** Director of Spirit Lake Social Services stated support of the bill.

**Rep. Hofstad:** What is the accessibility for your members? Do they have services readily available to them to use the Human Services Department in Devils Lake?

**Kevin Dauphanis:** Services are very limited on the reservation, so that is one of the challenging factors we have. Availability that we do have is the human services or the options of the Spirit Lake Wellness and Recovery. I tried to get someone into either of the facilities and there was a waiting period up to 6 weeks. This bill will give more availability to our clients.

**Rep. Hofstad:** The availability of the human service department in Devils Lake or on the reservation?

**Kevin Dauphanis:** Both places.

**Lisa Hawley:** Clinical social worker, testified in support of the bill. (See attached Testimony #5.)

**Dr. Emmet Kenney:** Psychiatrist and CEO of Prairie St. John's testified in support of the bill. (See attached Testimony #6.)

**Shawna McFarland:** Director for Divide County Social Services. If we remove children because of issues in the home, those parents were now being kicked off Medicaid. There services are going to be limited. In support of a voucher system and we don't have a mental health unit in Region I anymore. We have to come to Minot, Jamestown and Fargo for inpatient treatment. Some people don't qualify for help and voucher system would help those people.

**Chairman Weisz:** Any opposition? If none, we will close the hearing of HB 1032.

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Job #12717

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## Minutes:

**Chairman Weisz:** Called the meeting to order. I've got the department coming in at 1:45 p.m. for us to ask them questions and direct them to what we want them to do. Before they get here we will for the benefit of the freshman, we will have a refresher on fiscal note on how it works and what it means. Take the FN we had this morning on 1032 for an example. There are revenues, expenditures and appropriation. For example, if a bill says we are going to appropriate \$100,000, that will show up under the appropriation section and if general fund dollars, it will show under general fund dollars and the biennium it will be appropriated from. Revenues come from another agency and other places. On 1032 it says they have to go for money from other sources. That is revenue for the department. The expenditures are what they expect to spend. It is also broke out on where the funds will come from. It is important to know which funds the money is coming from. The group below talks about counties, cities, and school districts. The bill will now have to show whatever affect it might have on the political subdivision. If we have legislation that will require the county's to spend \$30,000 that would show up in that biennium under county. That is separate from what the state funds are. What is shown on this fiscal note is that it only a one time deal. It you noticed on 1041 fiscal note it had \$50,000 as start up costs and then the next biennium the cost was about that much less, but it was on-going.

**Rep. Anderson:** What happens if they say they have of funding and they fall short? Where does that come out of then?

**Chairman Weisz:** Using example 1032. We said you can do this, but if you want to do it, you will have to get all your money from other sources. Then it turns out they can't get the money from other sources and they need it, their option is to go to the emergency commission to see if they will give them general fund dollars to make up the difference. Otherwise they can't spend it. They would have to shut down the program if they couldn't get the money.

**Rep. Louser:** Explain Appropriations column again.

**Chairman Weisz:** If it is in the Appropriations column, you have a bill that specifically says we are going to appropriate x amount of dollars. It means the bill is actually appropriating the money.



**Rep. Schmidt:** With respect to the FTE costs, my experience is that at a \$124,000, 75% of that would be salaries and benefits. Is there any challenging in the FTE number or is it pretty much accepted?

**Chairman Weisz:** As for as the number of FTE's or what they are paying them?

**Rep. Schmidt:** What they are paying them.

**Chairman Weisz:** Generally that is the roll of the Appropriations Committee. We discuss the policy and we look at the cost and can question that and cut the funding.

**Rep. Devlin:** Is there a way we can have the DHS administer 1032 as well as 1041 because their FTE they need is \$124,000 where the Health Dept. needs a \$161,000?

**Chairman Weisz:** You noticed that too.

**Rep. Schmidt:** My point.

**Chairman Weisz:** You'll have the opportunity to ask them that. Let's now discuss 1032. The department is here. I got the sense the committee would like to do something with this bill. There are issues on how much ground the bill covers, what it should cover, what those costs could be and how you are going to fund it. My thought was this committee should decide on some options or on how you feel this bill should end up. We can give that to the department and they can come back to us with some numbers. If new amendments, there will be a new fiscal note attached.

**Rep. Porter:** The overall number of vouchers we would allow to be issued in a biennium is the easiest way to implement the pilot. The physician from Prairie St. John's summed it up the best. Individuals 400 in the fiscal note have no other coverage. They fall through the cracks of every program prior to being eligible for a voucher. A person who is covered under an insurance, Medicare or Medicaid, would not be the same individual in the voucher. I need clarified in my mind, if these are a 100 new people or are these 400 new people who have fallen through the cracks. And this voucher is the payment of last resort because they have no other coverage for these services or is that in addition to the individuals that have coverage, but don't have the means to get to where the service provider may be? If the fiscal note represents a person with zero coverage and if we are going to limit it to areas where it can happen; if we just want to limit the number during the two year voucher program. If we limit it to 100 and the department can't find the funds for the 100, nothing will happen in the interim and program anyway.

**Chairman Weisz:** I agree and that is why I asked the department to come down.

**Rep. Hofstad:** Part of the voucher program is to determine accountability. We have to decide what are objective is. Is it to make the system more accessible to under insured people or make it more accountable?

**Rep. Anderson:** How did they derive at the number of 400?

**JoAnne Hoesel:** I'm with the DHS. We made an assumption on how many people it would take to know if this is working and the amount of miles. We looked at the southeast for urban area; in Fargo is where we came up with the 200.

**Chairman Weisz:** Did you think some would be new or current clients?

**J. Hoesel:** We didn't make an assumption on that. You could have some new and will have some existing. Other states have targeted specific groups like juvenile justice system, women with children, etc.

**Chairman Weisz:** Did you bring numbers showing services provided currently on how much is third party?

**J. Hoesel:** I have upstairs. Can get it for you.

**Rep. Hofstad:** If we have a segment of people already served and incurring costs for those, how do you assign a dollar figure to them?

**J. Hoesel:** On our fiscal note (FN) we made the assumption that the human service centers would not be eligible to participate in the voucher program, but would do the initial assessment. If a person wanted to participate in the voucher system, then we would show them who their choices were.

**Chairman Weisz:** Based on that, you don't then show a corresponding cost to the human service center because that person may have stayed in the human service center if a voucher wasn't available.

**J. Hoesel:** Correct.

**Chairman Weisz:** Clarify for the committee who can get services, who pays and what determines that under the current system.

**J. Hoesel:** Our regional centers provide mental health and substance abuse services among others. The first priority is crisis situations for those that are at risk of harming themselves or others. They access those situations. Child welfare is a priority. People within an assessment for child protection issues would get services as well. Thereafter, people in need of both types of services and the centers track how quickly they can do that. Psychological evaluations are a different wait from others.

**Chairman Weisz:** Reflect on ability to pay and who pays.

**J. Hoesel:** We have a sliding fee scale and no one is turned away because of their inability of pay. Based on income, they are assigned the fee schedule. Some pay 100% and all the way down to no fee. If they have a third party, we bill them. Third party is billed at 100%, but don't always receive whole amount. The rest would go to the sliding fee scale. If we cannot collect from client, we use collection agencies.

**Chairman Weisz:** For example, if they had a \$100 bill at 100%. You would bill the insurance company \$100, say they pay \$60 and if that person's income was such that they only \$70, then they would only now owe \$10 correct?

**J. Hoesel:** Correct.

**Chairman Weisz:** On the voucher system is it the same rules?

**J. Hoesel:** Yes.

**Rep. Porter:** In the assumption then, the expenditures stay the same because the cost of running the human service center is static, but the revenues could leave because the patient could take a voucher and go somewhere else?

**J. Hoesel:** Correct.

**Rep. Porter:** From the standpoint of the ability of the customer to go where they want to go; if the person they go to is a Medicaid approved provider, they could go there now?

**J. Hoesel:** Correct.

**Rep. Porter:** If blue cross approved provider, they could go there now.

**J. Hoesel:** Correct.

**Rep. Porter:** What benefit is the voucher system inside of the program accept for those patients that have no other means of paying?

**J. Hoesel:** One would be that they have more choice for options. Some services provided in the human service centers are not reimbursed by third party insurance companies.

**Rep. Porter:** Give me an example of a service that you don't provide that they do.

**J. Hoesel:** Case management. Many insurance companies do not cover case management. For chronic ongoing clients, insurance companies will not pay for more sessions. The person gets into crisis and then come to the attention of the public system.

**Rep. Porter:** Inside of this system for the 400 individuals that we are going to pilot, we are paying for more services than what they would get at a human service center? We are paying for the same services if the private provider agrees to the contracts? What services would they get by taking a voucher and going to somebody else that they couldn't get at the human service center?

**J. Hoesel:** It could be transportation, mentors, depending how broad we want to make the service list. Some things happen in the recovery support after the traditional treatment that the human service centers don't provide. It would be choice and access on the traditional side of treatment.

**Rep. Porter:** Are the current Medicaid patients getting reimbursed for those services that you just mentioned for the transportation if choose to go to a private provider?

**J. Hoesel:** No.

**Rep. Porter:** Those services don't exist today?

**J. Hoesel:** Some of them do not exist.

**Rep. Porter:** That would exist in this program?

**J. Hoesel:** They could. There are things that could keep people out of intensive levels of care. Medicaid does pay for medical transportation.

**Rep. Porter:** The pilot program is an expansion over current services provided.

**J. Hoesel:** Yes and it could be. In the bill there are some things that could be expanded. Depending on the regions we choose, it maybe new or not.

**Chairman Weisz:** The voucher tracking system, what is involved in that?

**J. Hoesel:** I talked with substance abuse administration who gave me a document talking about how states have rolled this out that have voucher programs. They gave us four options that most states are using with ranges of dollar figures. We looked at what is most likely to be needed. It is the infrastructure that supports the voucher system. Even if 400 people, a voucher occurs with each service they get, and is multiple. The challenges other states have are they show all of these choices to get this service and something might happen and then they won't redeem the voucher. But, to us that voucher is obligated. If we don't track what is obligated and what is redeemed, we will either have a lot of money that we could have brought more people into the voucher system because the current ones that were in have chosen not to redeem them. You'd have money left over or go the other way as well. It is a management process.

**Chairman Weisz:** Would you have to track to see if they were using the services they are suppose to be?

**J. Hoesel:** For practical purposes and the FN, you could say yes.

**Rep. Hofstad:** Would it not be easier to do the changes we have to do to participate in the ATR program and make application to that grant?

**J. Hoesel:** We have an intention on doing that. There are many more requirements in that grant plus the competitive nature of that.

**Rep. Hofstad:** Explain the changes that we have to make to be eligible to be eligible for that grant.

**J. Hoesel:** The biggest change has to do with the number of providers and the ATR grant is heavy on the recovery support piece. The contacts we made for possibly applying for this in March was up in your area and that transportation and residential support is needed. We talked with a tribal chairman and other individuals. The grant requires that those providers are on board at the beginning of the grant which is problematic for us from a resource perspective. We had to let them know how much we were going to pay per unit of service for every service. You have to do this within 30 days to write this grant. We weren't able to do that. The budgeting is a huge thing to this. The other thing was the freedom of choice. We have to sign on the line that every person that comes into this grant will have absolute freedom of choice. Everyone has to start with an assessment. If individual chooses not to go through this course and wants to try a non-traditional method of going into recovery, we need to engage them where they are and start with them where they are at. When I spoke with the judges, they told me that they have crossed off some of the current licensed substance abuse treatment providers that are on a list they have because they don't like the way they do business. If the individual want to go to one of those providers, we wouldn't have the ability to say you can't go over there. They have signed on and as far as we know they are following the requirements and because one person doesn't like something, that wouldn't be approved. We can't tell providers who are coming into this system, "this is how it is going to be", we felt more damage would be done doing that then to say we want to go this direction and talk about how we can learn to accept this.

**Rep. Holman:** Most testimony dealt with access and I'm struggling with it myself. What I'm hearing now isn't answering that question. Would the voucher system give more and better access?

**J. Hoesel:** If you don't have a provider close to where people are, they will continue to have access issues. There will have to be many conversations and especially in the rural areas and urban areas. They might not have certain types of services. We have people who drive 90 miles and don't know if there will be a provider who will set up shop in between. Distance in ND is an issue.

**Rep. Hofstad:** After you begin this program and determine accountability, that provider has a better outcome. The client has the choice that the provider with a better outcome will be where they want to go. The voucher should provide that choice.

**J. Hoesel:** The more information people have in making a choice of who they access which includes outcomes; they will make more informed choices. That won't be immediate and not every provider services the same kind of person. More information will help this system.

**Chairman Weisz:** What directions do you want DHS to go? Do you want time to think it over?

**Rep. Hofstad:** Think about it.

**Rep. Porter:** There were some pretty good shots taken at the department in testimony this morning and wonder if they want the opportunity to talk about those shots? I'd be willing to listen to their side of the story.

**Carol Olson:** I didn't hear the testimony. (Not talking near a microphone and can't make out)

**Rep. Schmidt:** With the 4.8 million dollars for 400 clients, that comes out to about \$12,000 a piece. Right? Then I saw \$6,000.

**Chairman Weisz:** That's per biennium.

**Rep. Devlin:** When you said 200 of your 400 were from the southeast region, was that because of population or provider types?

**J. Hoesel:** Population base.

**Carol Olson:** I'm the Executive Director of the Department of Human Services. If anything I can do, just give me a call. Always in my office if not in one of the committee rooms.

**Chairman Weisz:** You can pass the word on that we will have a joint meeting here tomorrow at 2:00 p.m. with the Senate for the budget overview.

**Carol Olson:** Excellent. Do you want budget along with program?

**Carol Olson:** Heather Steffl and Brenda will be here and I will tag along.

**Chairman Weisz:** We thought it would be useful to have an overview.

**Rep. Paur:** (Reads from bill). The southeast is where the most services are available.

**Chairman Weisz:** The southeast region is more than just Fargo. I think they picked it because of the numbers and still has enough rural areas that would have transportation issues.

**Brenda Weisz:** I'm the chief financial officer for the department. At 2:00 tomorrow we are having a budget and program overview?

**Chairman Weisz:** Need both. Thank you Brenda. Will adjourn for today. I want to talk about this tomorrow so we can get this back to them as soon as possible because they may need a new FN.

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Committee Clerk Signature

*Nicky Crabtree*

## Minutes:

**Chairman Weisz:** Called the meeting to order 1032 was the pilot voucher bill. Rep. Hofstad met with Ms. Hoesel for further discussion on it and Rep. Hofstad if you would give me your analysis on your conversation.

**Rep. Hofstad:** As this bill has been discussed in interim committee and here, I thought this was not an expansion of government, but as we are looking at it here, it really is an expansion. Ideally you would like a voucher system to measure results and give people an option of choices where they want to go to. Then you would have the opportunity to measure outcomes. It seems to me, that is a very difficult thing to do and control it to that point. When you offer that voucher and invite people in, you really inviting a new population of under insured people, thus expanding the program. That carries with it the fiscal note that we are looking at here. To limit it to a population we are serving right now and have measurability is almost impossible to do. JoAnne said she is in favor of a voucher system she thinks it has a lot of merit and she would direct the department to work on the access to recovery grant. That is a grant by the federal government that encompasses the same issues as this voucher system. Twenty-six states has developed that program. The report has positives outcomes in it, but it expands the program more than what we have here. It has a transportation and after care component to it. All that leads to a larger fiscal note (FN). I believe this is a process that is unworkable and I would recommend that we kill the bill.

**Chairman Weisz:** The reason I had Rep. Hofstad meet with JoAnne because he has pushed this concept since last session.

**Rep. Paur:** I read the interim report and it is a pilot program to see how workable it is and I can't imagine that if we expanded this to full implantation that we will be able to get that through the House even if we did pass this. My feeling is we would be wasting the money just doing the pilot.

**Chairman Weisz:** The hope was if the pilot turned out, it would show in the long run you are providing better services for no increased cost overall. If you add people and not serving those we should, then you have to make a decision to expend those dollars. We

are not able to separate the idea of a voucher system with the idea of expanding and are we just going to expand services and what is that going to cost?

**Rep. Paur:** Would it be possible to limit it to the people you are already serving?

**Chairman Weisz:** Rep. Hofstad when he met with JoAnne, was finding it was not structurally it was not working to limit that and come up with the data. I would have to go down to Appropriations and convince them that it is going to be x,y,z.

**Rep. Damschen:** If this had been proposed as just making vouchers and option instead of Presenting it as bringing new people on it might have worked. Now we are in the mindset that we are going to expand these services by 400 people and cost more money, when if we had just said that vouchers are an option. The concept is good, but like Rep. Hofstad said, how do implement and fund it now.

**Rep. Kilichowski:** They said in the pilot project they had 200 people in the Fargo area. Does anybody know what the other 200 were?

**Chairman Weisz:** One was a tribal reservation and a rural with access issues.

**Rep. Kilichowski:** As a pilot project if we did it in a rural area of 100. New people with addictions need help immediately and this voucher program would do that. When you look people not getting help and the costs of incarceration and police calls and domestic violence and hospital medical costs, to me \$6,000 in treatment could be awful cheap. You are giving somebody another shot at life. Personally, I would like to see it reduced down to a rural area for 100 people. We have nothing to lose and it is grant money anyway.

**Chairman Weisz:** There is no guarantee where the money comes from for this. They will apply for the grant regardless. If they get the grant, there is nothing that says the state can't piggyback on that down the road, correct?

**Rep. Hofstad:** They are going to begin the process of implementing some of the qualifiers to apply for the grant. There are issues they have to work through as far as transportation.

**Chairman Weisz:** They are going to look at access for transportation?

**Rep. Hofstad:** Correct.

**Rep. Kilichowski:** So what you are saying is, over the next biennium they are going to get everything in place and hope the grant money comes through? If money comes midsummer, are they going to implement anything at that time? If we gave them the permission to do the pilot program would that help?

**Chairman Weisz:** I don't think they need permission to go toward that end. This would say they would have to do it. Within their budget, they can do whatever they want to. They only have to ask Appropriations for authority to spend the grant. We need to follow-up on to make sure they put in authority. They have to apply in March for it I believe.

**Rep. Damschen:** What would happen if the bill just authorized \$100 voucher payment cases regardless of they are new or existing cases? At least we could establish if it was a money saving program or not.

**Chairman Weisz:** I had thought of that myself and looked at it. They are looking at three-quarters of a million to set up what is needed to operate the voucher system. If 100 enough to tell you how the system is going to work?

**Rep. Paur:** If we pass the bill and they don't get the grant, will they ask for money to fulfill what we mandated?

**Chairman Weisz:** The ATR grant has nothing to do with this bill. This bill came out of interim and has to be funded, however it is going to be funded. It is not predicated on that grant. If we pass this out as is, it will go to Appropriations and then they will figure out where the money will come from. Some of the money might be third party pay, and some Medicaid funds. They will have to come up with some kind of number if they were going to agree with us and then it would be added into the budget. If we get the grant, then we will have to do the ATR under the feds conditions. The grant is a separate animal than this bill. This pilot program may not fit under the terms of this bill.

**Rep. Damschen:** Could a modified version of this be approved contingent on the approval of the grant.

**Rep. Hofstad:** The reason for the voucher system is not to expand services, but it is to evaluate services. We are trying to find a better and cheaper way of doing it. By cutting this back to 100 people, the underlying problem is still, how do you evaluate that? I don't see any way we can do this.

**Rep. Kilichowski:** Rep. Hofstad, did the department have any idea on how they were going to track any of this from the beginning?

**Rep. Hofstad:** They do track and keep track of things. Part of problem is this process expanded the services by including more people into it, having a travel component added to it and having an aftercare component added. All these issues cost money.

**Chairman Weisz:** One of the issues has always been, we want to see better outcome and how do you determine if that client got a better outcome? That's why they had to do more people to get a better trend.

**Rep. Kilichowski:** If we don't give the pilot a chance, how will we ever know?

**Chairman Weisz:** You raise a good question and I don't have an answer for it. Just so you understand, when somebody goes to a human service center for mental health and substance abuse issue, everybody is accepted. Regardless of income you are accepted. If you don't have insurance or on Medicaid, then you fall into the sliding scale depending on your ability to pay. Sometimes the issue is the availability of the services, but they will treat and accept everybody. The voucher system wouldn't have changed that. It would have worked the same way as far as who is eligible and who is going to get paid.



**Rep. Hofstad:** I would move a Do Not Pass.

**Rep. Paur:** Second.

**Rep. Porter:** Maybe you should explain the voting.

**Chairman Weisz:** Just so the freshman understand, the motion to Do Not Pass, if you don't want the bill to pass, you vote yes. If you like the bill and want it to go forward, you should vote no. On the floor, if you like the bill you vote yes and if you don't, you vote red.

**Vote:** 11 y 2 n 0 absent

**Motion for a DO NOT PASS** Carried

**Carrier:** Rep. Hofstad

## FISCAL NOTE

Requested by Legislative Council  
12/15/2010

Bill/Resolution No.: HB 1032

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$5,540,574		
Expenditures				\$5,540,574		
Appropriations				\$5,540,574		

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This Bill requires the Department to establish and operate a mental health and substance abuse pilot voucher payment program in 3 human service regions during the biennium beginning 7-1-2011 and ending 6-30-2013.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The Bill requires the Department to establish and operate a pilot voucher payment program to provide mental health and substance abuse services. The program must allow a voucher to be submitted to the beneficiary's provider of choice for payment of services. The Department is to offer the pilot program in 3 human services regions including a primarily urban region, a primarily rural region, and a region including an Indian reservation.

The potential fiscal impact on the Human Service Center in each region with a pilot program is undeterminable.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The Bill requires the Department to seek funding from federal, special, or other funding sources. The source of the potential other funds has not yet been identified.

The potential decrease in Human Service Center revenues is undeterminable.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The fiscal impact is comprised of:

1 FTE to manage the pilot program and provide education and information to providers and the public - \$124,157  
Operating costs for the FTE including equipment, rent, and IT costs - \$12,370  
Education and information costs, such as printing, postage - \$10,000  
The development of a voucher tracking system - \$474,047

A contract for outcome analysis of the pilot program - \$120,000

Services for clients - \$4,800,000 (based on 400 clients at a maximum of \$6,000 of services per year)

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The funding needed to establish the pilot program is not included in the executive budget therefore the Department would need an appropriation of other funds in the amount of \$5,540,574. It is not possible to determine if individuals that would use the voucher system would be existing clients and if they are to what extent they would discontinue utilizing Department resources. Therefore, it is not possible to estimate a possible offset against the staffing and contracts included in the executive budget.

Name:	Brenda M. Weisz	Agency:	DHS
Phone Number:	328-2397	Date Prepared:	01/05/2011

Date: 1-12-11  
Roll Call Vote # 1

2011 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1032

House HUMAN SERVICES Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken: ☐ Do Pass ☒ Do Not Pass ☐ Amended ☐ Adopt Amendment

☐ Rerefer to Appropriations ☐ Reconsider

Motion Made By Rep. Hofstad Seconded By Rep. Paur

Representatives	Yes	No	Representatives	Yes	No
CHAIRMAN WEISZ	✓		REP. CONKLIN	✓	
VICE-CHAIR PIETSCH	✓		REP. HOLMAN		✓
REP. ANDERSON	✓		REP. KILICHOWSKI		✓
REP. DAMSCHEN	✓				
REP. DEVLIN	✓				
REP. HOFSTAD	✓				
REP. LOUSER	✓				
REP. PAUR	✓				
REP. PORTER	✓				
REP. SCHMIDT	✓				

Total (Yes) 11 No 2

Absent \_\_\_\_\_

Floor Assignment Rep. Hofstad

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1032: Human Services Committee (Rep. Weisz, Chairman)** recommends **DO NOT PASS** (11 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1032 was placed on the Eleventh order on the calendar.

2011 TESTIMONY

HB 1032

#1  
Mr. Chairman, members of the committee:

For the record, my name is Sheila Sandness and I am a Fiscal Analyst for the Legislative Council. I am here to present information on House Bill 1032 relating to a mental health and substance abuse services pilot voucher payment program. I appear neither for nor against the bill, but just to provide information and answer any question you may have.

The 2009 Legislative Assembly, in House Bill No. 1573 directed a study of voucher use and provider choice for clients in various human services and other state programs, including programs related to mental health services, addiction treatment, counseling services, transition services, various home services, and other special services. The study was to explore the extent to which vouchers are currently used in federal and state human service programs and other programs, how voucher systems are implemented, and the advantages and challenges posed by the use of vouchers as a mechanism for expanding service options and maximizing client choices. The study also was to include a comprehensive review of funding for human services and other state programs focusing on the feasibility of improving access to care and providers for clients through the use of a voucher system, including programs related to mental health services, addiction treatment, counseling services, and transition services. The Health and Human Services Committee was assigned this interim study. The Health and Human Services Committee's findings and recommendation regarding a voucher payment program can be found on pages 169-172 of the "Report of the North Dakota Legislative Management".

Section 1 of this bill directs the Department of Human Services to establish and operate a pilot voucher payment program to provide mental health and substance abuse services for the 2011-13 biennium. The department is to offer the mental

health and substance abuse services pilot voucher payment program in three human service regions of the state;

- a primarily urban region where a variety of mental health and substance abuse services are available but where access to services is limited,
- a primarily rural region where a variety of mental health and substance abuse services are not available, and
- a region including an Indian reservation where the demand for mental health and substance abuse services may exceed the capacity of existing mental health and substance abuse service providers.

Section 2 of this bill provides for a comprehensive review of the pilot voucher payment program and a report of the preliminary findings and recommendations to the Legislative Management prior to September 30, 2012.

The fiscal note attached to this bill was completed by the Department of Human Services and indicates the fiscal impact to the department is both an increase in special funds revenue and special funds expenditures of approximately \$5.5 million. This spending authority is not included in the executive recommendation. The department is unable to determine the potential fiscal impact on the Human Service Center in each region with a pilot program.

That concludes my testimony and I would be happy to answer any questions you may have.



House Human Services Committee

January 10, 2011

Senator Tim Mathern

Chairman Weisz and Members of the House Human Service Committee

My name is Senator Tim Mathern. I am a Fargo resident here to add my support to **HB 1032**.

I served on the Human Service Committee this past interim and became convinced that we need more choices for our citizens in where they receive services. We looked at the services available in the public and private sector in terms of what times of day services are available and the distance people need to drive to get those services. We looked at costs and availability of professionals. Privatizing of all services was one consideration of some committee members.

We need an orderly process for determining the long term costs and long term consequence for keeping services available should we privatize them by use of vouchers. This bill establishes a pilot project in two regions of the state with unique characteristics from each other. The results will help us make long term decisions for the good of our citizens and our state.

Thank you for the attention you will be giving to the presenters coming before you. I ask for a Do Pass recommendation.

Thank you for your consideration.

#3

**Testimony of Robert Spencer**  
**Health and Human Services Committee**  
**January 10, 2011**

Mr. Chairman and members of the Health and Human Services Committee. My name is Robert Spencer and I am the chief of operations for Center for Solutions, a 24 bed residential-based drug and alcohol addiction treatment facility located in Cando. I also provide administrative services to Transitional Living Center, Inc., d/b/a Center for Success, in Devils Lake. Center for Success is a non-profit 501(c)(3) organization that provides outpatient drug and alcohol treatment to adults and adolescents, as well as transitional living services to adolescents and young adults. I appear today in support of HB 1032. However, while I support HB 1032, I am opposed to the fiscal note attached to it, which I believe is totally unrealistic. While the Department of Human Services has testified in support of the principles the bill advances – those being improved efficiencies, lower costs and greater patient choice - I believe the \$5.5 million fiscal note is the Department of Human Services' back-door attempt to kill the bill.

Some of you will remember that during the 2009 Legislative Session, I appeared before this committee in support of HB 1573, which was the bill that called for an interim Legislative Council study of voucher use and provider choice. That bill came out of both the House and Senate Human Services Committees with unanimous "do pass" recommendations, and later passed both houses of the Legislature unanimously. The study of a voucher system was made a part of the agenda of the Health and Human Services Interim Committee. HB 1032, the bill before the Committee today, is one of the work products of that Interim Study Committee.

There are two basic reasons why bills get unanimous approval from both bodies of the Legislature: the bill addresses an issue absolutely nobody cares about, something so totally insignificant to everyone it is passed just to be disposed of, or the bill is of great importance – so much so that it transcends party affiliations and crosses socio-economic lines. I believe the call for this study during the 2009 Legislative Session fell into the latter. The effort to bring greater efficiency to state government, decrease costs to the taxpayer, while providing greater patient choice in the delivery of mental health services is something everyone supports. Legislators, and even the public, realize that we need to rethink the value and delivery of most government programs.

Last Wednesday, the Department of Human Services attached a \$5,540,574 fiscal note to HB 1032. I don't know if that fiscal note is the result of the Department of Human Services, even after two years of discussion and committee hearings, still not understanding what is driving the bill, or if they simply

want to kill the bill. If the department doesn't understand, there has been plenty of time during the past two years to ask questions and gain clarification. If they are simply trying to kill the bill, they are doing an injustice to our elected representatives, the legislative process, and the people of North Dakota.

I want to make sure this Committee understands what HB 1032 is really about. Although it allows for the study of a "voucher system", it has little to do with that. A voucher system is simply one of the strategies discussed by a number of mental health providers to help the citizens of North Dakota gain access to services they are already entitled to receive, but the Department of Human Services is unable, for one reason or another, to deliver.

I want to begin with the largest element in the fiscal note - \$4,800,000 for services to clients. Please understand that the clients referred to in the fiscal note are already eligible Human Service Center clients. Nobody has suggested that we expand services, broaden eligibility, or in any way increase the number of North Dakota citizens eligible for services. Nobody is suggesting an appropriation be made to pay for additional services that are not a part of the existing budget process. The goal of a voucher system is to improve efficiencies and lower overall costs, not add to the budget.

The only individuals eligible to participate in a voucher program would be those individuals already meeting the criteria to receive services from a regional human services center. The only option a voucher system would provide those clients would be the opportunity to seek services from a provider of their choice. The cost of the service from a private provider would not exceed the cost the regional human service center experiences for providing that same service.

The fiscal note projects services to 400 clients a year at a cost of \$4.8 million. Since the voucher payment system would not add new clients to the eligibility roles, the projected cost has nothing to do with the voucher pilot program, but everything to do with meeting the demand for services that have been going unmet by regional human service centers.

Everyone in the mental health industry knows there are demands for mental health services going unmet, but we have never been able to quantify that unmet demand. I believe the Department of Human Services is doing that for us in this fiscal note. If the cost to meet the unmet demand for mental health services to eligible recipients is \$4.8 million, based on serving 400 clients a year in three of the eight human service regions, the cost extrapolated statewide would be \$12.8 million to serve the unmet needs of 1,066 clients a year. Those numbers represent a serious problem by anyone's calculation – numbers this committee should be looking at, and certainly numbers that should concern the Governor and his cabinet.

Allocating the cost to serve the unmet needs of existing clients to this bill is an unbelievable injustice. The Department of Human Services already has an obligation to serve those clients; it is already part of their budget and is part of what they are charged to accomplish. How they can possibly justify allocating \$4.8 million to this pilot program is a mystery to me. The \$4.8 million cost to meet the demand of existing clients deserves to be removed from this fiscal note.

The next largest item is the development of a voucher tracking system at a cost of \$474,000. It appears to me this cost would be comparable to the Air Force spending \$125,000 on a toilet. The State has spent tens of millions of dollars on computer systems to track and manage Medicaid payments. If a system to track an additional 800 voucher system clients over two years is not within the capability of that existing system and I was a member of this legislative body, I would be demanding to know why. If any of the rest of us needed to track a meager 800 vouchers over a two-year period, we would probably do it in an Excel spreadsheet. Regardless of how we did it, we wouldn't need \$474,000 worth of software.

If those of us not in government required a half-million dollars here, and a half-million dollars there, every time we needed to explore new opportunities, not one of us would be in business. Unrealistic requests like that do not survive in the private sector, nor should they be tolerated in government either.

The next largest amount is \$124,157 for one more full-time employee to manage the pilot program. Again, it is hard for me to imagine that a department with thousands of employees and a billion dollar budget can't find one existing employee that could use a little more work. Why does every change in the Department, and every program adjustment, require additional staff and a larger budget?

The next item in the fiscal note worth commenting on is the projected cost of \$120,000 for an outcome analysis of the pilot program. Analyzing the results of a pilot program is always important, particularly if that analysis is done by an independent 3<sup>rd</sup> party from outside of government. I don't currently have enough confidence in the Department of Human Services to conduct a self-evaluation.

As I stated earlier, I do support HB 1032 and the voucher system pilot project. Arguably, the greatest value a voucher payment system would provide is to bring competition into play. Economists universally state that competition within a market is healthy for everyone: for consumers, for business, and for the economy. Competition focuses everyone's attention on the value of the product or service provided – the program (or agency) doesn't determine its value; consumers in the marketplace do that for them. There is no better indicator of value than success in a free and open marketplace. There are natural monopolies, or industries that see themselves and the service they provide as natural monopolies, but chemical dependency treatment, and mental health services in general, are not among them. Our reality in

North Dakota today is the Department of Human Services has created its own monopoly by totally controlling state and federal funding for chemical dependency programs. I don't believe that is beneficial to the citizens of North Dakota.

The fiscal note attached to HB 1032 is a travesty, advanced by a Department that seems reluctant to recognize the changing times we are in. Our reality is no longer business as usual, especially within government. In this new healthcare environment, our future will depend on our ability to leave our past behind.

Having to fight with the Department of Human Services to do something they should be aggressively exploring on their own is something I no longer see value in. This Committee should take HB 1032 and its \$5.5 million fiscal note and run it through the shredder. This bill can be pronounced dead by fiscal note. None of you, and not even a staunch supporter like me, could support the bill in this form. The need to bring new efficiencies to the delivery of mental health services by the State remains, as does the need to meet the unmet demand for services and provide greater customer choice to those clients seeking service. But it will obviously need to come another day, in another way.

That concludes my written testimony today, but I am prepared to respond to questions.

Thank you.

# 4

**Testimony: HB 1032  
Health and Human Services Committee  
Mental Health Voucher Pilot Program  
January 10, 2011**

Chairman Robin Weisz and Members of the Human Service Committee:

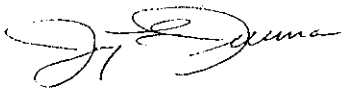
I am Jerry Jurena, President of the North Dakota Hospital Association (NDHA); I am here today in support of HB 1032 a Pilot Voucher Program to enhance the availability/accessibility of Mental Health Services across our state.

Before accepting my position with NDHA I was the CEO of Heart of America Medical Center in Rugby, North Dakota for 15 years and I have been a rural Hospital Administrator in four states since 1979. During my years as a Hospital Administrator I have seen the growing need for Mental Health Services. In Rugby over the last 15 years we have struggled with how to access or find available medical professionals to meet the Mental Health needs of patients in our service area. What we found on numerous occasions was there was not a Mental Health Physician available for consultation or to accept the patient, accessibility of services was an issue. Weekends were the most difficult times; staff spent hours making calls trying to obtain appropriate care; many times a temporary fix was the solution with minimal care and medication.

We need to develop a plan to alleviate the lack of Mental Health professionals and the accessibility of those services in all areas of the state. Doing nothing adds to the cost of providing Health Care by backing up other available services, the lack of available resources is consuming resources that would be better utilized with other patients not to mention the duplication of services provided to the same patient on a frequent basis as we were not able to address the needs the first time.

The problem is; there are not enough Mental Health Professionals available to meet the needs. We have to explore alternatives to address this issue. This is an issue that has come before the Legislative Committee of NDHA on several occasions. It is crucial that a solution be explored and developed. The lack of professionals providing Mental Health services is affecting all of the health care services.

Respectfully,



Jerry E. Jurena  
President

#5

From the office of  
**Lisa Hawley, LICSW, QCSW**  
**Advanced Counseling for Change, PLLC**  
424 3<sup>rd</sup> St. SE  
Devils Lake, ND 58301  
701-662-1893

Good morning, Mr. Chairman and members of the subcommittee.

My name is Lisa Hawley and I am a Clinical Social Worker and the owner of Advanced Counseling for Change in Devils Lake. I am pleased to have this opportunity to testify in support of bill 1032. I would like to thank you for your commitment to improving services to those in need of addiction treatment, counseling services, transition services, attendant care, and safe beds.

I believe a voucher system could be used to improve access to services. There are times when an individual is limited in service options because of lack of insurance or the provider inability to accept the type of insurance offered. A voucher system could allow an individual to seek services of choice rather than the system dictating the choice. I have seen instances where an individual had to go across the state to receive services, when those same services were available within the region.

I also see an opportunity to control the costs by identifying in advance the reimbursement rates for various services. It is my understanding that there is a constant conflict as to who would pay for adolescents who are in need of attendant care or safe beds. This voucher system may solve this problem and allow the adolescents to receive the services which are needed.

My concern is the speed of approval for vouchers. It would be my suggestion that the Human Service Department allow the attending mental health or addiction professional the ability to assess the need and relay this information to the Department rather than having the individual have to go through a second assessment wasting valuable time. There are times when a delay services is equal to no services.

I would like to thank you for allowing me the opportunity to testify today. Please let me know if you have any questions or comments.

#6



## PRAIRIE ST. JOHN'S™

January 10, 2011

RE: House Bill 1032

Dear Members of the Health and Human Services Committee

It is a pleasure to appear before you today in support of House Bill 1032. I am Dr. Emmet Kenney, a psychiatrist, CEO of Prairie St. John's and a member of the Governing Board of the North Dakota Hospital Association.

Our current system for providing services to unfunded patients who have mental illness or addictions is based on a decade's old model. Currently, unfunded patients can receive treatment either at the Jamestown State Hospital or through Human Service Centers. However, those with funding are able to obtain services with other agencies throughout the state. The purpose of this program would be to ascertain if it would be cost effective to pay other providers for services based on patient choice.


This has a number of advantages:

- People can access care closer to home, which means they are more likely to access care
- Having accessed care, they are less likely to have worsening of their conditions and need more intensive care
- They are also more likely to have follow-up services available to continue stabilization after receiving more intensive services
- The economies of scale, especially for rural providers, will help such that more services can be provided in smaller communities
- This is more respectful of patient self-determination in seeking services. This empowerment should help those in need with getting back on their feet successfully.

Ms. Susan Rae Helgeland, the Executive Director of Mental Health America of North Dakota, has requested that I advise you they also support this bill. MHA is the largest advocacy group for persons with mental illness and addictions in North Dakota.

In summary, I urge you to vote "yes" on House Bill 1032 and pass this into law. If there are any questions, I would be happy to address them.

Sincerely,

  
Emmet M. Kenney, Jr., M.D., CEO

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