

STUDY OF THE DEPARTMENT OF HUMAN SERVICES' CASELOADS AND PROGRAM UTILIZATION - BACKGROUND MEMORANDUM

Senate Concurrent Resolution No. 4020 (attached as an [appendix](#)) provides for a Legislative Management study of the causes of the increases in the Department of Human Services' caseloads and program utilization and the impact of federal health care reform. The Human Services Committee has been assigned this responsibility for the 2011-12 interim.

DEPARTMENT OF HUMAN SERVICES - HISTORY OF LEGISLATIVE APPROPRIATIONS

| Biennium | General Fund | Other Funds | Total |
|--------------------------------|----------------------------|-----------------|-----------------|
| 2001-03 | \$369,683,875 | \$1,047,421,972 | \$1,417,105,847 |
| 2003-05 | \$411,081,823 | \$1,097,801,932 | \$1,508,883,755 |
| Increase (decrease) | \$41,397,948 | \$50,379,960 | \$91,777,908 |
| Increase (decrease) percentage | 11.2% | 4.8% | 6.5% |
| 2005-07 | \$484,421,474 | \$1,195,640,833 | \$1,680,062,307 |
| Increase (decrease) | \$73,339,651 ¹ | \$97,838,901 | \$171,178,552 |
| Increase (decrease) percentage | 17.8% | 8.9% | 11.3% |
| 2007-09 | \$593,916,230 | \$1,290,890,297 | \$1,884,806,527 |
| Increase (decrease) | \$109,494,756 ² | \$95,249,464 | \$204,744,220 |
| Increase (decrease) percentage | 22.6% | 8.0% | 12.2% |
| 2009-11 | \$652,145,814 | \$1,638,250,137 | \$2,290,395,951 |
| Increase (decrease) | \$58,229,584 ³ | \$347,359,840 | \$405,589,424 |
| Increase (decrease) percentage | 9.8% | 26.9% | 21.5% |
| 2011-13 | \$932,025,219 | \$1,673,400,832 | \$2,605,426,051 |
| Increase (decrease) | \$279,879,405 ⁴ | \$35,150,694 | \$315,030,100 |
| Increase (decrease) percentage | 42.9% | 21.4% | 13.8% |

¹Major 2005-07 biennium general fund changes:

| | |
|---|-----------------------|
| Additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP) | \$35.1 million |
| Funding for inflationary increases for service providers of 2.65 percent for each year | 6.1 million |
| Funding for increased costs and costs relating to expanding the secure services unit at the State Hospital | 3.1 million |
| Other | 29.0 million |
| Total | \$73.3 million |

²Major 2007-09 biennium general fund changes:

| | |
|--|------------------------|
| Additional state matching funds required due to changes in the state's FMAP | \$9.1 million |
| Funding for inflationary increases for service providers of 4 percent for the first year of the biennium and 5 percent for the second year | 20.7 million |
| Funding for state administration of child support enforcement activities | 7.5 million |
| Funding for increasing the average wage of employees of developmental disabilities service providers | 3.9 million |
| Other | 68.3 million |
| Total | \$109.5 million |

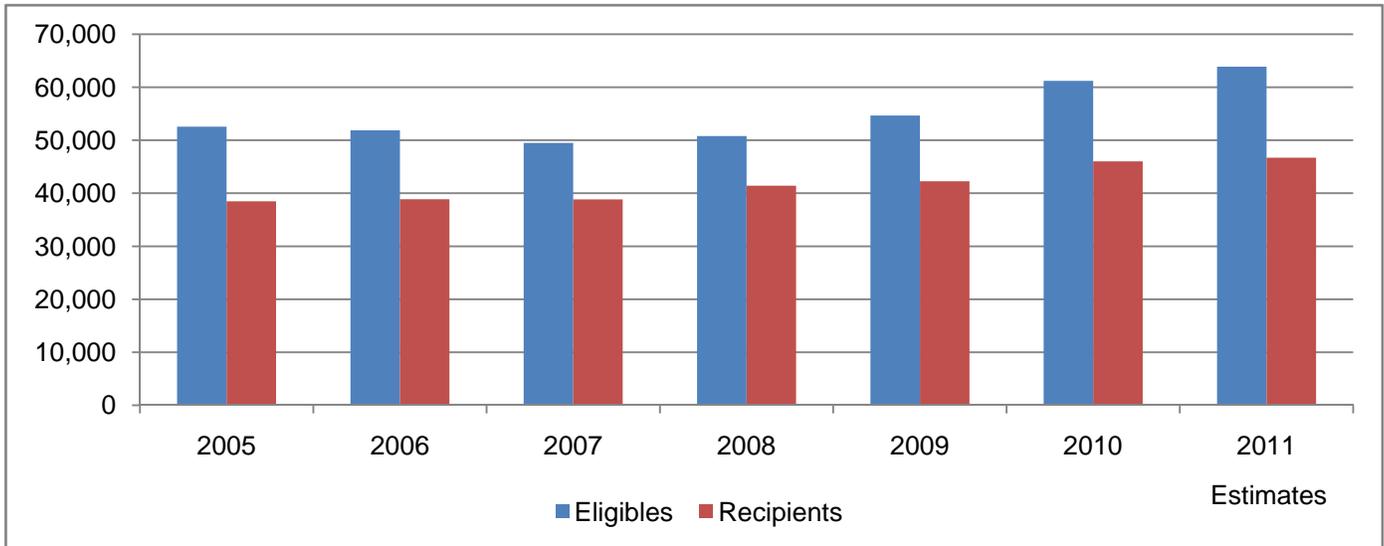
³Major 2009-11 biennium general fund changes:

| | |
|---|-----------------------|
| Additional state matching funds required due to changes in the state's FMAP | \$19.7 million |
| Funding source change from the general fund to federal funds due to the enhanced FMAP included in the American Recovery and Reinvestment Act of 2009 | (66.5 million) |
| Funding of rebasing payment rates for hospitals, physicians, chiropractors, and ambulances | 23.7 million |
| Funding for inflationary increases of 6 percent in the second year of the biennium for rebased services (hospitals, physicians, chiropractors, and ambulances) and dentists and a 6 percent annual increase for providers of other services | 30.4 million |
| Funding for salary and benefit supplemental payments for individuals employed by basic care and nursing care facilities (\$5.5 million) and individuals employed by developmental disabilities service providers (\$7.1 million) | 12.6 million |
| Other | 38.3 million |
| Total | \$58.2 million |

⁴Major 2011-13 biennium general fund changes:

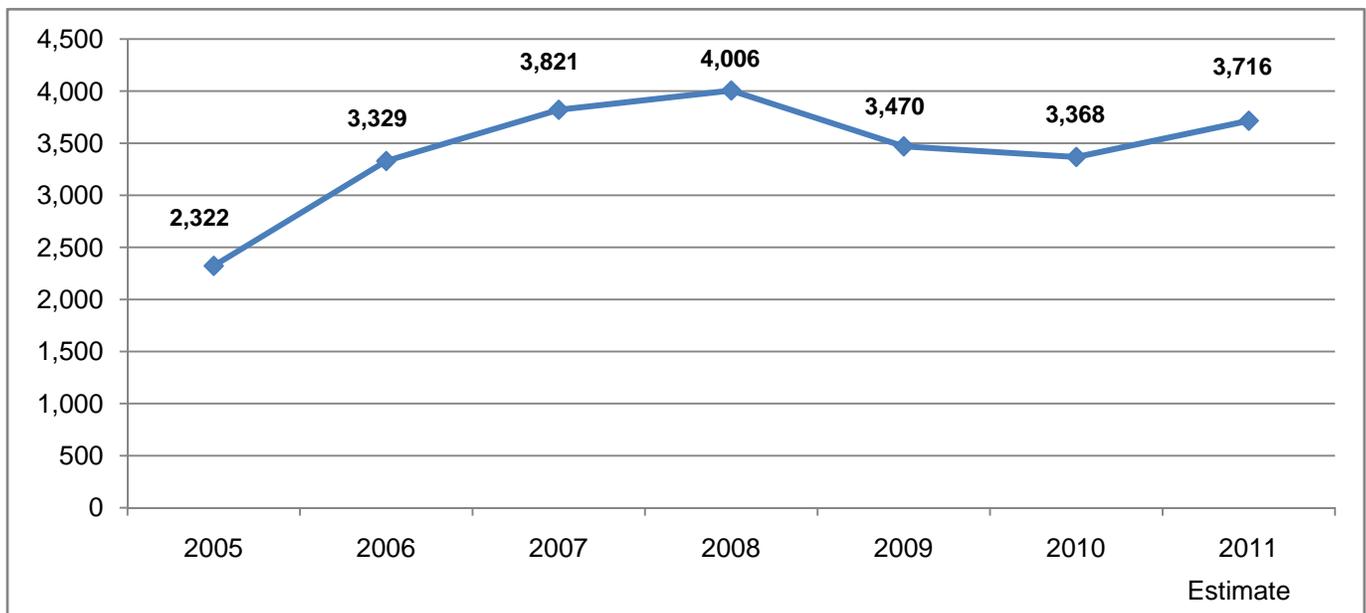
| | |
|---|------------------------|
| Additional state matching funds required due to changes in the state's FMAP and replacing federal fiscal stimulus funding relating to FMAP appropriated for the 2009-11 biennium with funding from the general fund | \$171.4 million |
| Funding for inflationary increases for human services providers, excluding physicians, of 3 percent per year | 23.5 million |
| Funding for increasing the psychiatric inpatient hospitalization contract rates at the human service centers | 3.4 million |
| Other | 81.6 million |
| Total | \$279.9 million |

DEPARTMENT OF HUMAN SERVICES - CASELOADS AND PROGRAM UTILIZATION
Medical Assistance - Average Annual Medicaid Eligibles and Recipients

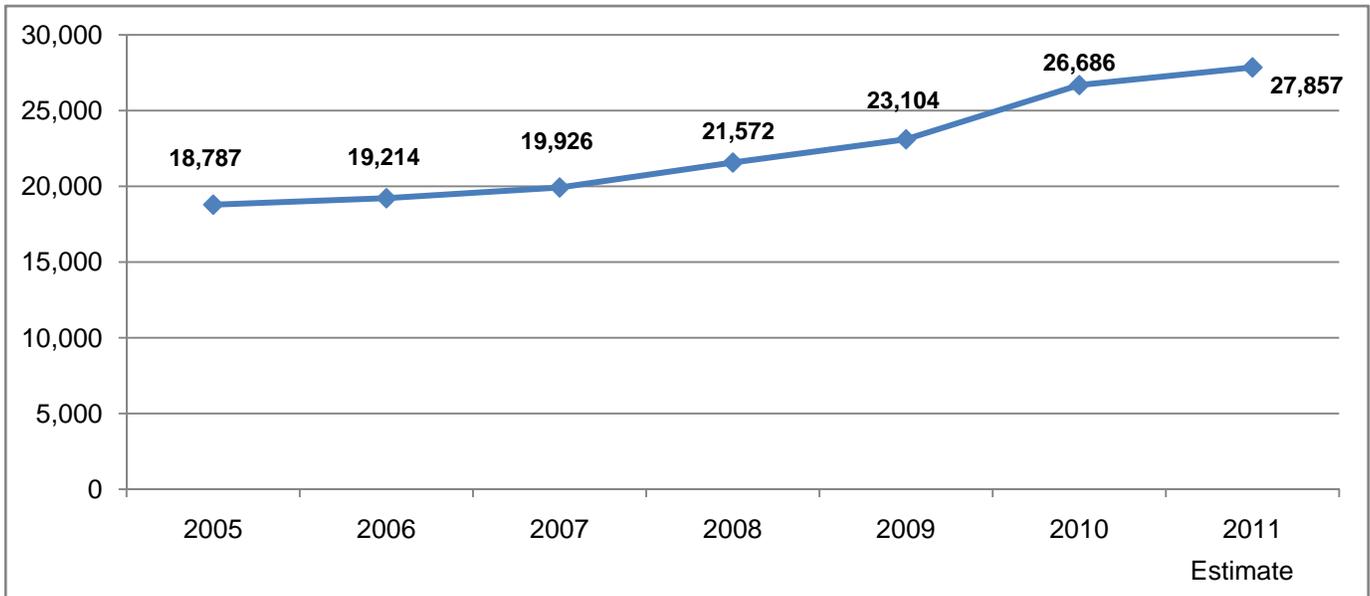


| Fiscal Year | Average Annual Eligibles | Average Annual Recipients |
|------------------|--------------------------|---------------------------|
| 2005 | 52,564 | 38,496 |
| 2006 | 51,879 | 38,878 |
| 2007 | 49,486 | 38,833 |
| 2008 | 50,798 | 41,435 |
| 2009 | 54,656 | 42,279 |
| 2010 | 61,200 | 46,027 |
| 2011 (estimates) | 63,865 | 46,694 |

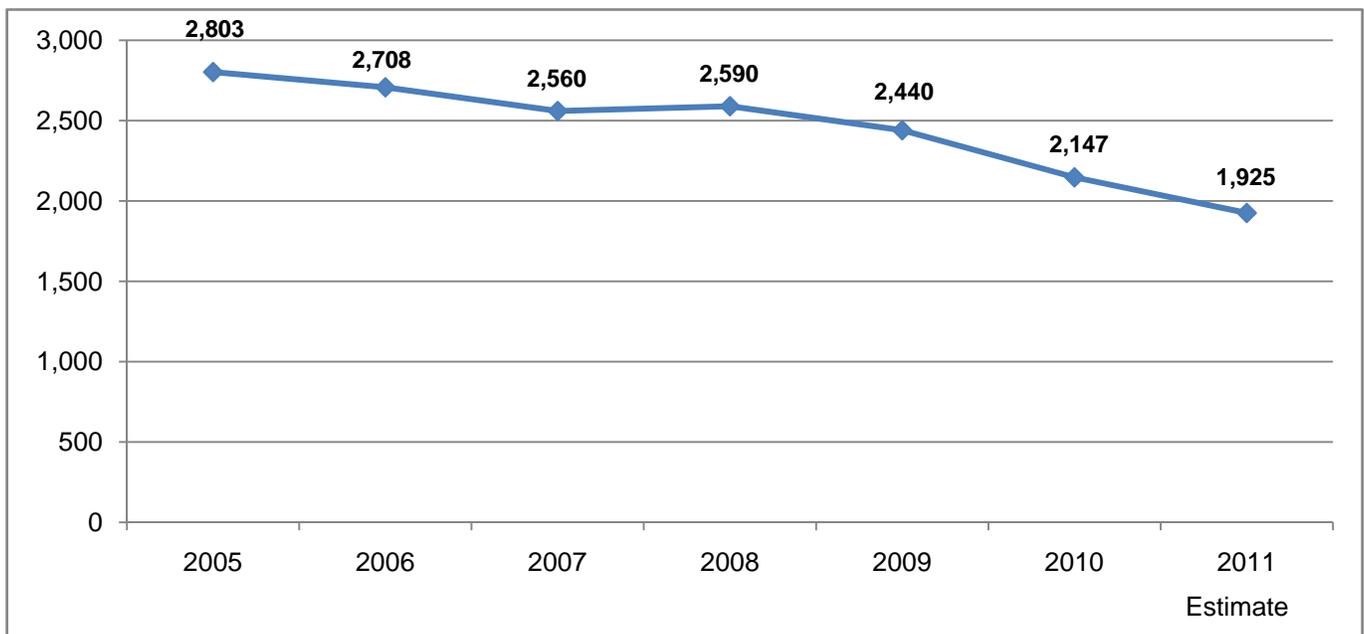
Children's Health Insurance Program - Average Annual Recipients



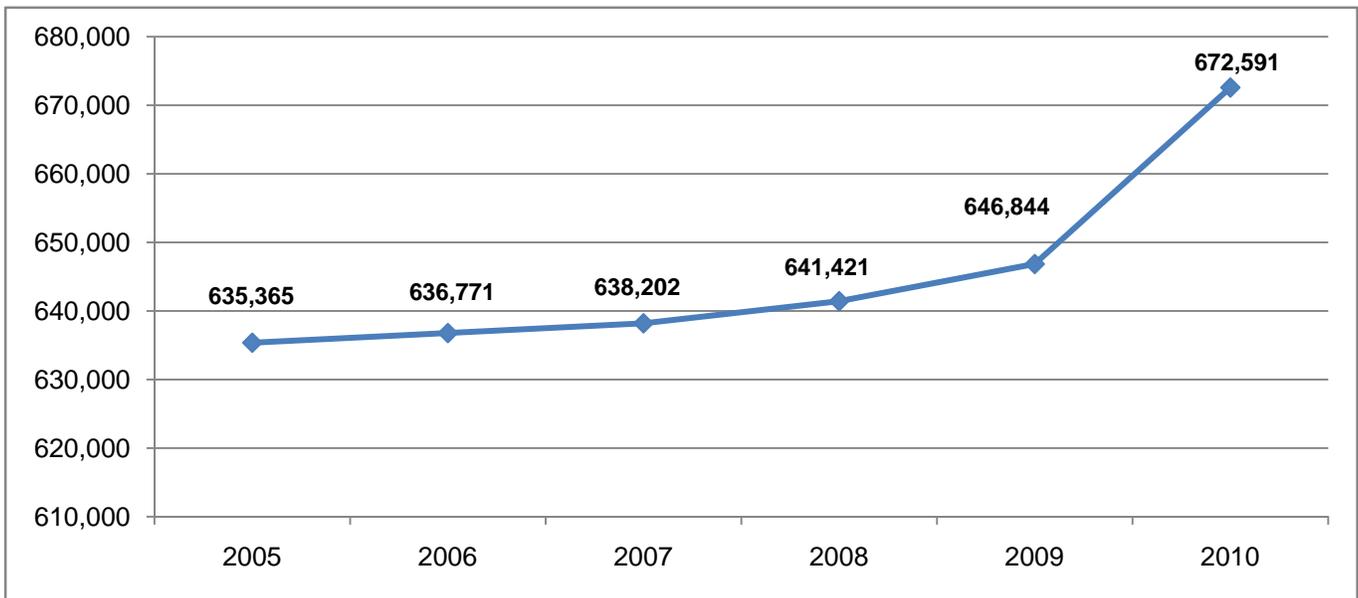
Supplemental Nutrition Assistance Program - Average Number of Cases



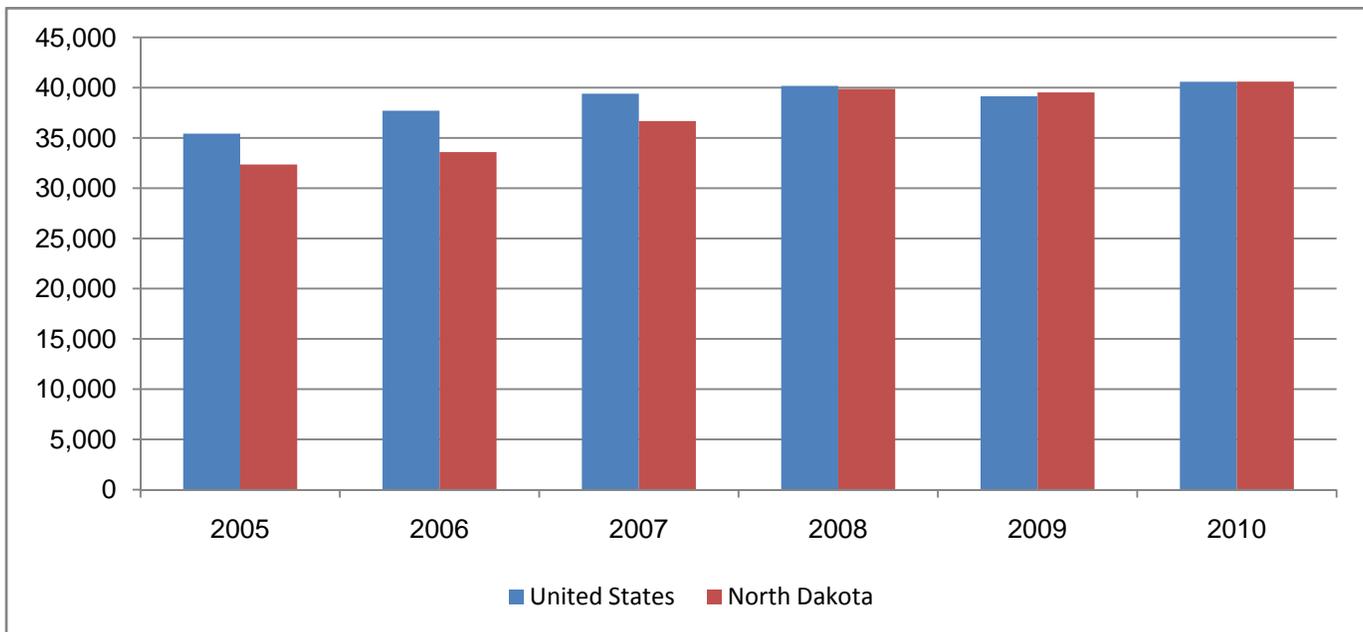
Temporary Assistance for Needy Families - Average Number of Cases



NORTH DAKOTA STATISTICS Total Population Estimates

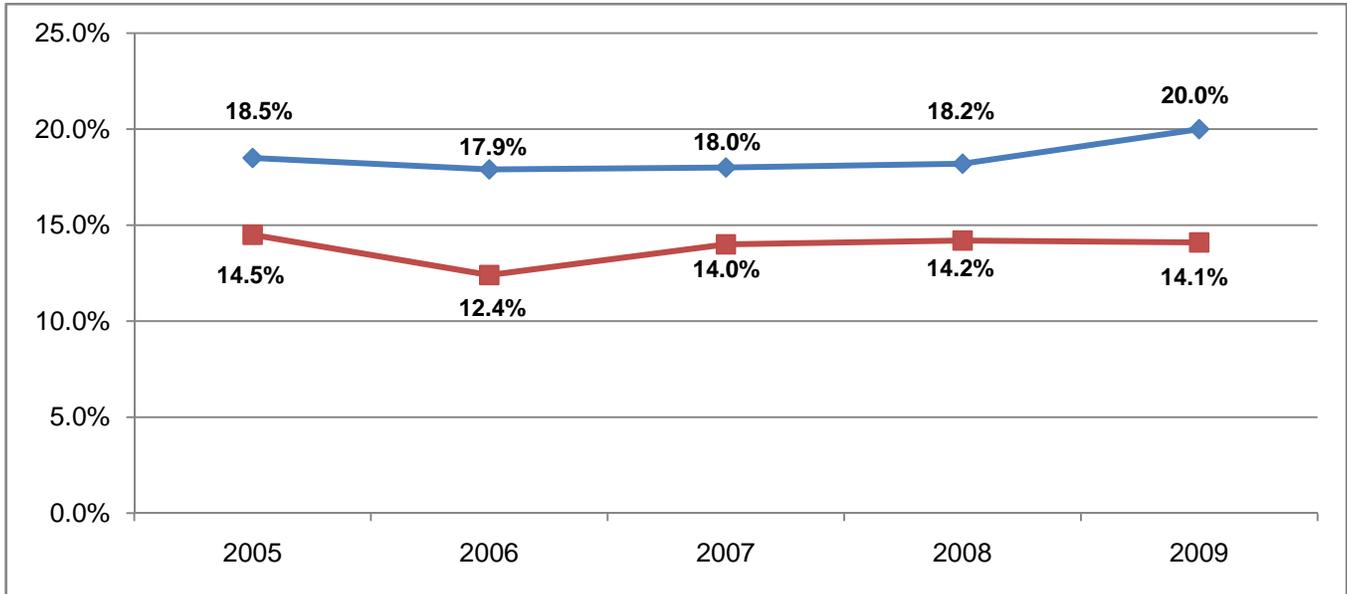


Per Capita Personal Income

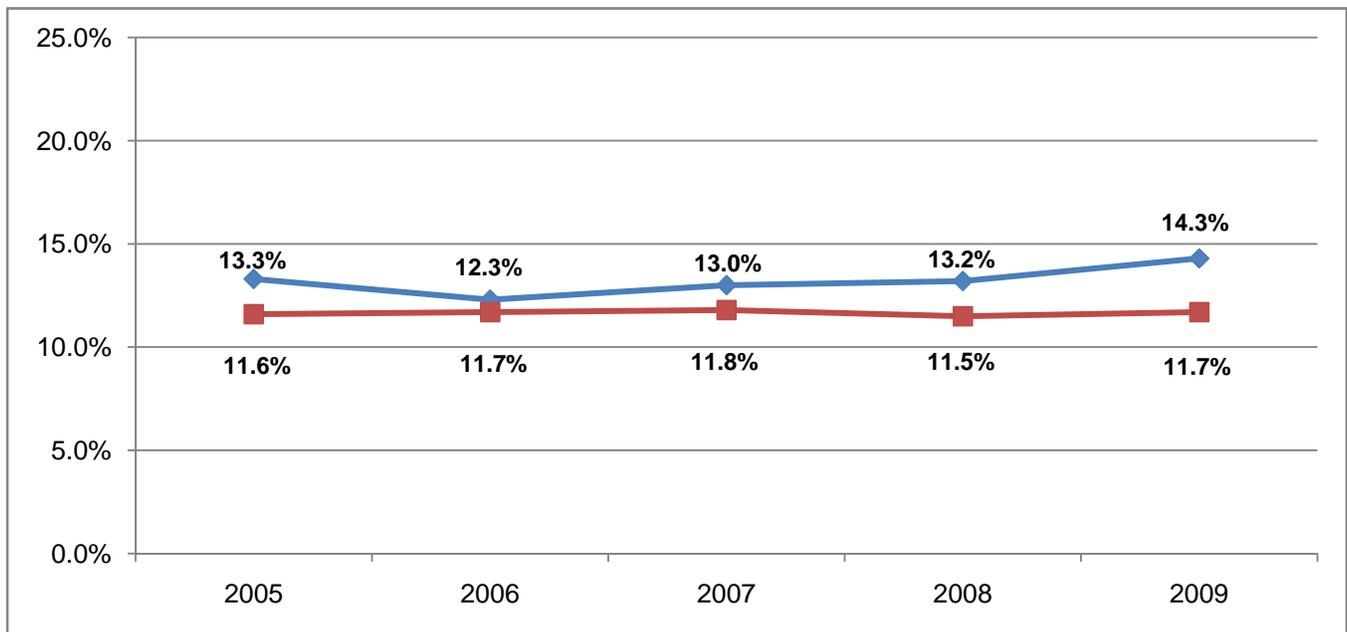


| Year | United States | North Dakota |
|------|---------------|--------------|
| 2005 | \$35,424 | \$32,346 |
| 2006 | \$37,698 | \$33,585 |
| 2007 | \$39,392 | \$36,678 |
| 2008 | \$40,166 | \$39,874 |
| 2009 | \$39,138 | \$39,530 |
| 2010 | \$40,584 | \$40,596 |

Percentage of North Dakota Population (Children Aged 0 to 17) in Poverty Compared to the United States



Percentage of North Dakota Population (All Ages) in Poverty Compared to the United States



**FEDERAL HEALTH CARE REFORM
Affordable Care Act**

In March 2010 President Barack Obama signed into law two pieces of legislation to implement health care reform in the United States--the Patient Protection and Affordable Care Act (H.R. 3590) and the Health Care and Education Reconciliation Act of 2010 (H.R.4872)--which together are referred to as the Affordable Care Act. The Affordable Care Act crafted new structural models to increase access and affordability of health care coverage, to improve operational governance of the health insurance industry, to provide consumers protection, and to provide new tools for the improvement of the health care delivery system and patient outcomes.

Specifically, the Affordable Care Act provides for the expansion of Medicaid by establishing a national minimum eligibility level of 133 percent of the federal poverty level. In addition, the legislation expanded mandatory categories of Medicaid eligibility for single, childless adults who are not disabled. To finance the coverage for the newly eligible, states will receive 100 percent federal funding for 2014 through 2016, 95 percent federal funding in 2017, 94 percent federal funding in 2018, 93 percent federal funding in 2019, and 90 percent federal funding for 2020 and subsequent years. The legislation also required states to maintain current income

eligibility levels for children in Medicaid and the children's health insurance program until 2019. The provisions of the legislation relating to Medicaid also provide for coverage of preventative services with no recipient cost-sharing.

PROPOSED STUDY PLAN

The committee may wish to proceed with this study as follows:

1. Receive information from the Department of Human Services regarding:
 - a. The department's legislative appropriation for the 2011-13 biennium and anticipated budget needs for the 2013-15 biennium.
 - b. Historical caseloads and program utilization, including information regarding increases and decreases by program and reasons for the changes in caseload and utilization.
 - c. Anticipated and actual caseloads and program utilization for the 2011-13 biennium.
 - d. The estimated impact of the Affordable Care Act on the department's anticipated caseloads and budget.
2. Receive testimony from interested persons regarding the study of the Department of Human Services' caseloads and program utilization.
3. Develop committee recommendations and prepare any legislation necessary to implement the committee recommendations.
4. Prepare a final report for submission to the Legislative Management.

ATTACH:1