Prepared by the North Dakota Legislative Council
staff for the Human Services Committee
August 2012

STATUS OF THE STUDY OF THE DEPARTMENT OF HUMAN SERVICES' CASELOADS AND PROGRAM UTILIZATION

STUDY RESPONSIBILITY

Senate Concurrent Resolution No. 4020 (2011) (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.

BACKGROUND INFORMATION

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%

[1]Major 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

[2]Major 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

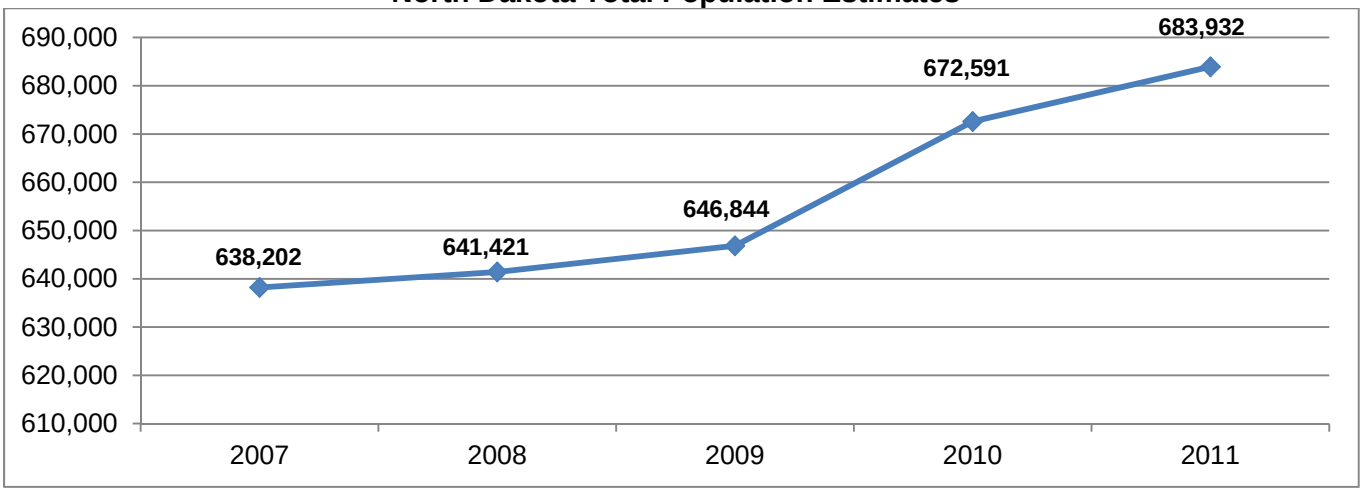
[3]Major 2009-11 biennium general fund changes:

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

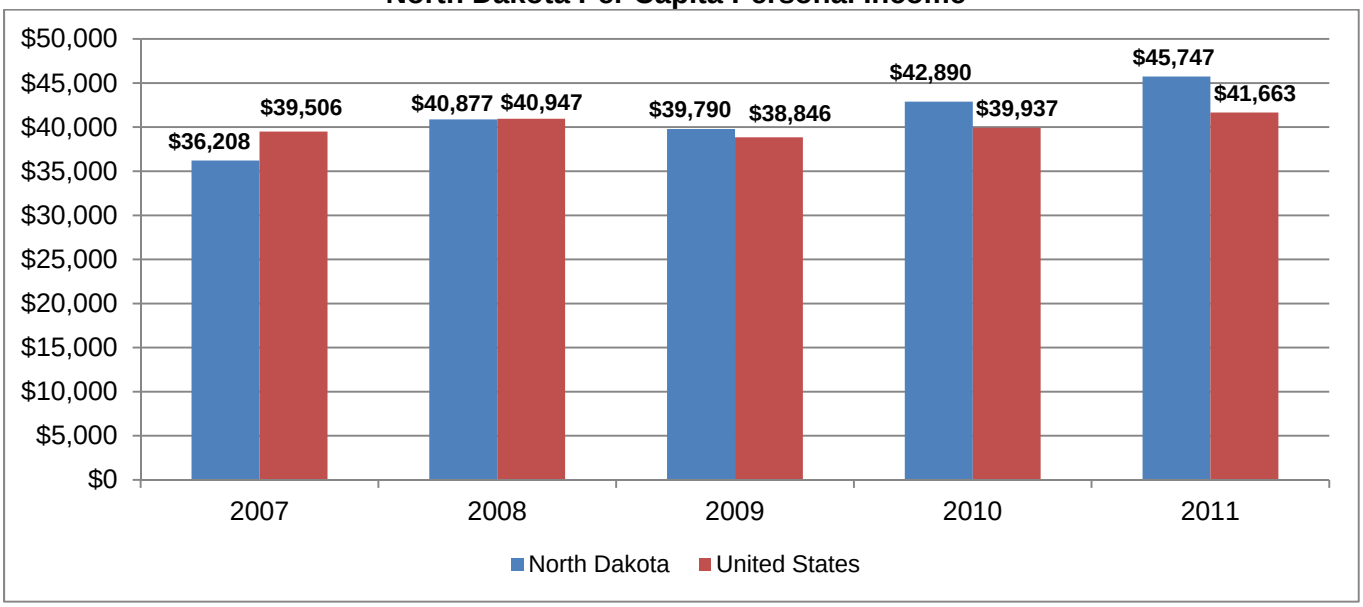
[4]Major 2011-13 biennium general fund changes:

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

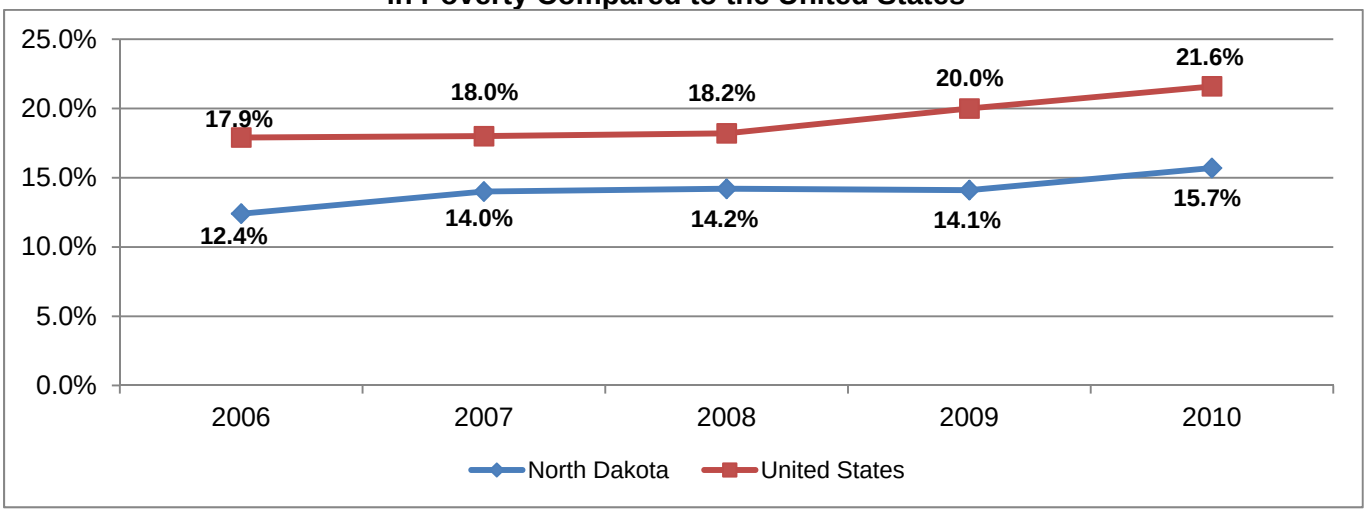
North Dakota Total Population Estimates



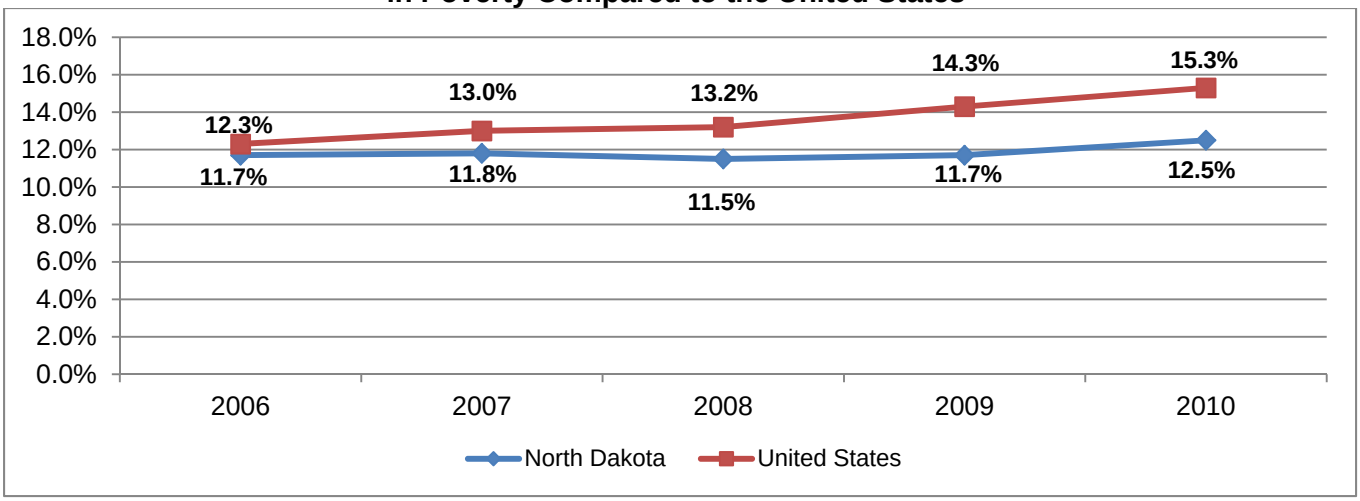
North Dakota Per Capita Personal Income



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



ECONOMIC ASSISTANCE DIVISION - HISTORICAL CASELOADS AND PROGRAM UTILIZATION

	Temporary Assistance for Needy Families (TANF)	Low-Income Home Energy Assistance Program (LIHEAP)	Child Care Assistance	Supplemental Nutrition Assistance Program (SNAP)
State fiscal year averages				
2006	2,708	5,737	4,060	19,214
2007	2,560	5,872	3,955	19,926
2008	2,590	5,732	4,054	21,572
2009	2,440	6,353	3,810	23,104
2010	2,147	6,265	3,787	26,686
2011	1,925	6,100	3,589	27,857
Biennial averages				
2005-07	2,634	5,805	4,003	19,570
2007-09	2,515	6,042	3,932	22,338
2009-11	2,036	6,182	3,685	27,272
2011-13	2,253	6,879	3,915	33,890

The committee learned:

- The TANF caseload has decreased over time due to the 2005 Deficit Reduction Act which identified work activities for adults in TANF families, the 2009 pay after performance policy implementation, and the economic climate in North Dakota. At the time the budget for the 2011-13 biennium was established (summer of 2010), the projected caseload was reduced. However, the actual caseload from the summer of 2010 to the end of the biennium was even lower than anticipated.
- The LIHEAP caseload is developed based on weather projections and fuel price projections.
- The child care assistance caseload has decreased over time due to the economic climate in North Dakota. Increased household incomes have resulted in ineligibility or lower payments through the program. At the time the budget for the 2011-13 biennium was established (summer of 2010), the projected caseload was reduced. However, the actual caseload from the summer of 2010 to the end of the biennium was even lower than anticipated.
- The SNAP caseload has increased over time due to the 2006 implementation of simplified reporting, which makes it easier for households to be on the program for longer periods of time. In addition, federally required outreach efforts have also increased the number of SNAP cases.

CHILDREN AND FAMILY SERVICES DIVISION - HISTORICAL CASELOADS AND PROGRAM UTILIZATION

	Foster Care	Subsidized Adoption
State fiscal year averages		
2006	968	744
2007	869	816
2008	760	877
2009	768	946
2010	768	980
2011	736	1,028
Biennial averages		
2005-07	918	780
2007-09	764	912
2009-11	752	1,004
2011-13	861	1,073

The committee learned:

- The foster care caseload decrease is due in part to state and federal emphasis on family preservation programs and practices to support permanency. This practice reduces the number of children in foster care while maintaining children in their homes or securing a permanent placement for children in adoptive homes. The caseload budgeted for the 2011-13 biennium includes a slight increase to address additional tribal Title IV-E cases and youth over the age of 18 who choose to remain in foster care.
- The subsidized adoption program for children with special needs continues to increase based on the federal mandate and practice of the permanency outcome of adoption for children formerly in foster care.

MEDICAL SERVICES AND LONG-TERM CARE CONTINUUM - HISTORICAL CASELOADS AND PROGRAM UTILIZATION

	2006 (Actual)	2007 (Actual)	2008 (Actual)	2009 (Actual)	2010 (Actual)	2011 (Actual)	2011-13 (Budgeted)
Total Medicaid recipients	38,878	38,833	41,435	42,231	46,027	46,351	[1]
Medical services							
Inpatient hospital	909	843	1,228	1,151	1,229	1,188	1,227
Outpatient hospital	6,396	4,949	7,824	8,397	8,920	8,707	8,813
Physicians	17,667	15,542	20,171	21,436	23,806	23,538	24,360
Drugs (net)	19,883	15,907	Not available	Not available	18,580	19,240	17,854
Healthy Steps	3,278	3,764	4,006	3,470	3,368	3,718	4,026
Long-term care							
Nursing facilities (days paid)	110,289	126,222	109,182	102,286	100,684	99,635	102,058
Basic care (days paid)	27,025	25,647	25,761	27,470	30,856	35,334	32,651
Service payments for elderly and disabled (SPED)	1,240	1,321	1,434	1,360	1,299	1,278	1,350
Expanded SPED	127	116	109	106	116	122	137
Home and community-based services waiver	279	241	244	256	287	304	327
Targeted case management	342	342	427	416	460	494	488
Personal care option	512	571	570	569	617	621	671
Technology dependent waiver			1	1	1	1	2

	2006 (Actual)	2007 (Actual)	2008 (Actual)	2009 (Actual)	2010 (Actual)	2011 (Actual)	2011-13 (Budgeted)
Medically fragile waiver				1	2	3	9
Partnership in assisting community expansion (PACE)				10	41	53	85
Children's hospice waiver							17
Developmental disabilities grants	2,765	3,027	3,131	3,235	3,326	3,293	[1]

[1]Recipient information is not available as budget is based on units of service for individual categories.

NOTE: The caseload information for nursing facilities and basic care represent the average number of days paid for recipients for a month. All other services represent recipients served.

HUMAN SERVICE CENTERS - HISTORICAL CASELOADS AND PROGRAM UTILIZATION

Human Service Centers	2006	2007	2008	2009	2010	2011	Increase From 2006 to 2011
Northwest	1,189	1,202	1,263	1,342	1,545	1,650	461
North Central	3,293	3,105	3,215	3,197	3,225	3,325	32
Lake Region	2,486	2,396	2,373	2,318	2,484	2,607	121
Northeast	3,072	3,211	3,370	3,555	3,557	3,608	536
Southeast	4,952	5,018	5,029	4,968	5,102	5,042	90
South Central	2,869	2,802	2,958	2,991	3,074	3,236	367
West Central	4,542	4,559	4,913	5,027	5,348	5,655	1,113
Badlands	1,942	1,845	1,854	1,891	1,860	1,912	(30)
Total	24,345	24,138	24,975	25,289	26,195	27,035	2,690
Change from previous year		(207)	837	314	906	840	

The committee learned:

- For the Northwest Human Service Center, the increase is the result of population growth. The center experienced increases in the areas of psychiatry and medication management.
- For the North Central Human Service Center, the increase is the result of population growth. The center experienced increases in the number of children served in developmental disabilities and the demand for medication management.
- For the Lake Region Human Service Center, the increase is the result of increases in the number of children served in developmental disabilities, referrals from the Department of Corrections and Rehabilitation, the demand for alcohol and drug services, and the number of Native Americans seeking services.
- For the Northeast Human Service Center, the increase is the result of increases in the number of children served in developmental disabilities and the infant development program, the number of homeless individuals at the mission, and the demand for alcohol and drug services.
- For the Southeast Human Service Center, the major reason for the increase is the growing demand for case management for the seriously mentally ill, homeless, and addiction clients.
- The South Central Human Service Center has experienced an increase in all core services over the past six years primarily because the center is the only provider of outpatient behavioral health services in the region and because the State Hospital is located in the region.
- For the West Central Human Service Center, the increase is the result of population growth resulting in increases in the number of children served in developmental disabilities, referrals from the Department of Corrections and Rehabilitation, and the demand for psychiatry services due to a reduction in private sector services.
- For the Badlands Human Service Center, the increase from 2010 to 2011 of 52 is the result of the population growth due to oil development.

STATE HOSPITAL - HISTORICAL CASELOADS AND PROGRAM UTILIZATION

Average Daily Population				
Year	Traditional Services[1]	Sexual Offender Unit[2]	Tompkins Rehabilitation and Correction Center[3]	Total
2006	126	55	85	266
2007	130	53	83	266
2008	131	59	82	272
2009	110	58	79	247
2010	109	59	79	247
2011	110	60	86	256

[1]The State Hospital utilizes 132 beds for inpatient and residential psychiatric services for the treatment of adults, children, and adolescents with serious and persistent mental illness, serious emotional disorders, and chemical addiction.

[2]The State Hospital operates a 76-bed sexual offender unit.

[3]The State Hospital utilizes 90 beds to provide addiction services to offenders in the Tompkins Rehabilitation and Correction Center.

Total Admissions				
Year	Traditional Services	Sexual Offender Unit	Tompkins Rehabilitation and Correction Center	Total
2006	806	9	301	1,116
2007	753	11	296	1,060
2008	816	6	289	1,111
2009	895	14	285	1,194
2010	956	20	305	1,281
2011	897	18	286	1,201

The committee learned:

- The State Hospital's traditional services beds were highly occupied from 2006 to 2009 with an average daily population of 97 percent. The major reasons for the high occupancy were the admission of first-time patients, chronic patients awaiting referral and placement at residential settings, and the increased need for treatment of patients with complex medical and psychiatric issues.
- The State Hospital's average daily population for traditional services declined to 85 percent for 2010 and 2011. The reduction better aligns with the ratio of staff to patients as the hospital staffs for 85 percent occupancy. The decrease in average daily population is attributable to increased community service discharge options for chronic patients and shorter lengths of stay at the State Hospital.
- The Legislative Assembly in 2011 appropriated funding for the State Hospital based on a budgeted occupancy of 132 beds for traditional services, 76 beds for the sexual offender unit, and 90 beds for the Tompkins Rehabilitation and Correction Center.

DEVELOPMENTAL CENTER - HISTORICAL CASELOADS AND PROGRAM UTILIZATION

Adult Intermediate Care Services		
Date	Target Census	Actual Census
July 1, 2011	95	95
January 16, 2012	N/A	92[1]
February 1, 2012	N/A	89 (projected)
June 30, 2013	67	69 (projected)

[1]In addition, the Developmental Center had a youth transition services program census of 3 and an individualized supported living arrangement home census of 3. The State Hospital also had a developmentally disabled census of 18.

The committee learned:

- The Developmental Center met the transition to community target of 95 adults in the intermediate care services program as of July 2011. The center had three discharges planned for January 2012 which would bring the center's population to 89 individuals. The center is projecting 20 more discharges for the remainder of the 2011-13 biennium which will bring the center's population close to the targeted census of 67 individuals for June 30, 2013.
- The Developmental Center operates a four-bed youth transition services program for youth with developmental disabilities that have difficulty finding community placements or would need to be served out of state. The goal is to transition these young people to appropriate community settings.

- The Developmental Center also operates an individualized supported living arrangement home in the community of Grafton for three individuals that have been discharged to the community from the adult intermediate care service. The center is planning to open two more of these facilities in the Grafton community during the 2011-13 biennium.
- The State Hospital's developmentally disabled census consists of individuals requiring acute care hospitalization for behaviors and mental illness that were difficult to manage in community settings. These individuals, when ready, will be discharged to community settings or the Developmental Center.
- Section 8 of 2011 Senate Bill No. 2012 provides legislative intent that the department use any anticipated unexpended appropriation authority relating to developmental disabilities grants resulting from caseload or cost changes during the 2011-13 biennium for costs associated with transitioning individuals from the Developmental Center to communities during the 2011-13 biennium.

FEDERAL HEALTH CARE REFORM

Background Information

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.

Committee Testimony

The committee has learned:

- Effective January 1, 2014, Medicaid will be expanded to include all individuals under age 65 (children, pregnant women, parents, and adults without dependent children) with incomes up to 133 percent of the federal poverty level based on modified adjusted gross income. In addition, the Affordable Care Act also authorizes an across-the-board 5 percent income disregard effectively making the income level 138 percent. Currently, North Dakota's Medicaid eligibility levels are 133 percent of the federal poverty level for pregnant women and children aged 0 to 6, 100 percent of the federal poverty level for children aged 6 to 19, and 83 percent of the federal poverty level for aged, blind, and disabled, parents and caretakers of deprived children, and children and pregnant women with catastrophic needs in families with income above the 100 and 133 percent poverty level.
- All newly eligible adults will be guaranteed a benchmark benefit package that at least provides the essential health benefits as defined for the health benefit exchange.
- The newly eligible population will be covered with 100 percent federal financing for 2014 through 2016, 95 percent federal financing in 2017, 94 percent federal financing in 2018, 93 percent federal financing in 2019, and 90 percent federal financing for 2020 and subsequent years.
- In 2010 the Department of Human Services prepared a preliminary estimate of the impact of the Affordable Care Act, including the Medicaid expansion. The estimate included the impact of providing coverage for the newly eligible and previously eligible, as well as coverage for children who may switch between the children's health insurance program and Medicaid and for the medically needy population. The preliminary estimate was that North Dakota expenditures could increase by $106 million through 2019 and that Medicaid enrollment could increase by as much as 50 percent. The department is in the process of reanalyzing the impact of the Medicaid expansion and the affiliated areas that was prepared in 2010. The new analysis will be available for the 2013 legislative session.
- The United States Supreme Court recently upheld the 2014 Medicaid expansion; however, the Court struck down the mandate providing that the federal government could withhold all federal Medicaid funding if a state chooses to not expand Medicaid. Therefore, the decision about whether to expand the Medicaid program is left to each state.
- There will be impacts to the Medicaid program and Medicaid expenditures even if the state chooses not to expand Medicaid because the Affordable Care Act requirements to move to modified adjusted gross income eligibility requirements remain.

Department of Human Services - New Full-Time Equivalent Positions

During the November 2011 special legislative session, the Legislative Assembly authorized seven new full-time equivalent (FTE) positions for the Department of Human Services to assist the department with the workload resulting from the Affordable Care Act. The following is a summary of the status of the seven new FTE positions:

Position	Requested Start Date	Actual or Anticipated Start Date
Economic assistance - Policy trainer	April 1, 2013	April 2013
Child support enforcement - Attorney	January 1, 2012	September 2012
Medical services - Eligibility policy	January 1, 2012	February 6, 2012
Medical services - Program integrity	January 1, 2012	January 17, 2012
Medical services - Nurse	October 1, 2012	October 2012
Medical services - Surveillance and utilization review system analyst	January 1, 2013	January 2013
Medical services - Administrative support	January 1, 2013	January 2013

ATTACH:1