

## DEPARTMENT OF HUMAN SERVICES - SUMMARY

### DEPARTMENTWIDE

**Anticipated salary savings** - The Legislative Assembly approved the executive recommendation which changed the source of funding for salaries and wages from the general fund to special funds by a total of \$1.2 million for all divisions to recognize anticipated savings from vacant employee positions and employee turnover. This represents a two percent reduction of general fund salaries for the human service centers and a one percent reduction of general fund salaries for the remainder of the department, including the State Hospital and the Developmental Center. The 1999 Legislative Assembly made a general fund reduction of \$3,498,200 for the 1999-2001 biennium related to anticipated salary savings. In addition, the Legislative Assembly approved the executive recommendation which changed the funding source from the general fund to special funds in the amount of \$853,908 for 10.65 FTE vacant positions at the State Hospital that the hospital had no immediate plans to fill. The changes by division are as follows:

Division	General Fund
Management	(\$68,209)
Economic assistance	(39,030)
Program and policy	(30,998)
Human service centers	(691,285)
State Hospital	(287,303)
Developmental Center	(78,188)
Subtotal	(\$1,195,013)
State Hospital - 10.65 FTE	(853,908)
Total	(\$2,048,921)

**Health care trust fund uses** - The schedule below lists the Department of Human Services appropriations from the health care trust fund for the 2001-03 biennium:

Grants and loans	\$12,100,226
Health Insurance Portability and Accountability Act (HIPAA) computer system project and other technology projects	3,000,000
Administrative costs	71,158
Statewide long-term care needs assessment	241,006
Nursing home bed reduction incentive	4,000,000
Nursing facility employee salary and benefit enhancement	8,189,054

Nursing facility rate limit increase due to rebasing to 1999	681,846
Nursing facility and intermediate care facility for the mentally retarded (ICF/MR) personal care allowance increase from \$40 to \$50 per month	309,600
Basic care employee salary and benefit enhancement	202,080
Basic care personal care allowance increase from \$45 to \$60 per month	180,000
Training grants for qualified service providers	140,000
Targeted case management services	338,530
Service payments for elderly and disabled (SPED)	6,898,302
Senior citizen mill levy matching grants	250,000
Independent living center grants	100,000
Total	\$36,701,802

**“Retained funds”** - The Legislative Assembly approved the level of funding recommended in the executive budget to be provided from “retained funds” of \$31,940,419, an increase of \$2,494,569 from the 1999-2001 biennium. “Retained funds” are federal funds received by the state for administrative costs incurred by counties that the state retains pursuant to the “swap” agreement with the counties.

### MANAGEMENT

**HIPAA** - The Legislative Assembly provided \$8,055,347, \$5,055,347 of which is from federal funds and \$3,000,000 of health care trust fund moneys, for the HIPAA computer system project and other technology projects. The amount provided is \$870,794 less than the executive budget recommendation of \$8,926,141, of which \$3,870,794 was from the health care trust fund and \$5,055,347 of federal funds.

**ATM network** - The Legislative Assembly approved the executive recommendation to add \$412,225 from the general fund for the ATM network. These funds will be paid to the Information Technology Department for the department’s share of costs relating to the statewide network.

**Child support computer system** - The Legislative Assembly approved the executive recommendation to add \$1,416,440, of which \$481,589 is from the general fund, for child support computer system changes.

**Comprehensive child welfare information and payment system** - The Legislative Assembly provided \$1,250,000, of which \$500,000 is from the general fund and \$750,000 is from federal funds for integrating the

remaining children and family services systems into the comprehensive child welfare information and payment system. The executive budget had recommended \$1.5 million, of which \$750,000 was from the general fund, for this project.

## ECONOMIC ASSISTANCE

**Indian county allocation** - Subsection 3 of North Dakota Century Code (NDCC) Section 50-01.2-03.2 provides for grant payments to Indian counties for their economic assistance program administrative costs that are in excess of the statewide average. The Legislative Assembly amended this subsection to provide the grants at 90 percent rather than 100 percent of the excess costs. The Legislative Assembly provided \$2,525,000 for these grants, of which \$456,993 is from the general fund and \$2,068,007 is from "retained funds." The amount provided is

\$246,979 less than recommended in the executive budget, which would have provided the grants at 100 percent of the excess costs. Compared to the funding provided for the 1999-2001 biennium, the 2001-03 biennium appropriation is an increase of \$748,580, \$335,227 of which is from the general fund.

**Basic care assistance** - The Legislative Assembly approved House Bill No. 1115, recommended as part of the executive budget, requiring the department to seek a Medicaid personal care option waiver to allow Medicaid funds to be used for a portion of basic care costs. This results in the state being able to access an estimated \$5,609,666 of federal funds for personal care services delivered by basic care providers. The schedule below provides a comparison of funding for basic care assistance:

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$8,025,120	<b>\$8,010,658</b>	(\$14,462)	
House Bill No. 1196 - Employee salary and benefit enhancement and personal care allowance increase			<b>853,600</b>	853,600	
<b>Total basic care assistance</b>	\$7,690,647	\$8,025,120	<b>\$8,864,258</b>	\$839,138	\$1,173,611
Health care trust fund			<b>\$382,080</b>	\$382,080	\$382,080
"Retained funds"	\$7,690,647	\$2,415,454	<b>\$2,400,992</b>	(\$14,462)	(\$5,289,655)
Federal funds		\$5,609,666	<b>\$6,081,186</b>	\$471,520	\$6,081,186

**Medical assistance** - The schedule below provides a comparison of funding for medical assistance, excluding funding relating to the intergovernmental transfer program, developmental disabilities grants, and Healthy Steps program:

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$562,365,199	<b>\$552,200,112</b>	(\$10,165,087)	
House Bill No. 1196 - Nursing facility employee salary and benefit enhancement, nursing facility rate limit increase, nursing facility personal care allowance increase, and targeted case management			<b>31,565,417</b>	31,565,417	
House Bill No. 1472 - Breast and cervical cancer treatment			<b>544,120</b>	544,120	
<b>Total medical assistance</b>	\$514,279,411	\$562,365,199	<b>\$584,309,649</b>	\$21,944,450	\$70,030,238

General fund	\$145,504,749	\$129,815,101	<b>\$151,741,259</b>	\$21,926,158	\$6,236,510
Health care trust fund		\$25,000,000	<b>\$9,475,830</b>	(\$15,524,170)	\$9,475,830
Community health trust fund			<b>\$114,755</b>	\$114,755	\$114,755
"Retained funds"	\$288,322	\$5,297,948	<b>\$5,312,410</b>	\$14,462	\$5,024,088
Other funds	\$4,268,864	\$4,951,632	<b>\$4,951,632</b>		\$682,768
Federal funds	\$364,217,476	\$397,300,518	<b>\$412,713,763</b>	\$15,413,245	\$48,496,287

**Intergovernmental transfer program** - The schedule below provides a comparison of the funding for the intergovernmental transfer program. This funding is used by the department for making the government nursing facility funding pool payments to the government nursing facilities in Dunseith and

McVille. The general fund amounts are returned to the general fund, and the federal funds are deposited in the health care trust fund for use as appropriated by the Legislative Assembly.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$26,440,813		(\$26,440,813)	
House Bill No. 1196			<b>\$38,750,000</b>	38,750,000	
<b>Total intergovernmental transfer program</b>	\$61,464,675	\$26,440,813	<b>\$38,750,000</b>	\$12,309,187	(\$22,714,675)
General fund	\$3,618,391		<b>\$11,650,000</b>	\$11,650,000	\$8,031,609
Bank of North Dakota loan proceeds	\$14,562,860				(\$14,562,860)
Health care trust fund		\$7,946,165		(\$7,946,165)	
Federal funds	\$43,283,424	\$18,494,648	<b>\$27,100,000</b>	\$8,605,352	(\$16,183,424)

**Healthy Steps** - The Legislative Assembly approved the executive recommendation to provide total funding of \$8,917,719 for Healthy Steps (children's health insurance program). Of this amount, \$1,886,714 is from the general fund, and \$7,031,005 is federal funds. Compared to the 1999-2001 biennium, this is a \$5,030,881 increase, \$1,068,924 of which is from the general fund and \$3,961,957 of federal funds. The Legislative Assembly continued eligibility requirements for the program at 140 percent of poverty and anticipated an insurance premium rate increase of 16.4 percent for the 2001-03 biennium compared to 1999-2001. The Legislative Assembly provided funding to serve 2,885 children at the beginning of the biennium and up to 2,995 by the end of the biennium.

The Legislative Assembly approved House Bill No. 1441 which may result in a number of children being covered under medical assistance rather than Healthy Steps due to the removal of the asset test for children and families coverage groups and pregnant women to be eligible for medical assistance. The bill directs the department to seek an amendment to its state plan to maximize federal reimbursement for the low-income children covered under Medicaid rather than Healthy Steps. The removal of the

asset test becomes effective when the state plan amendment is approved, but not before January 1, 2002, and is effective through June 30, 2003.

The Legislative Assembly also approved Senate Bill No. 2095 which changes the method of determining eligibility for Healthy Steps for self-employed applicants. Eligibility will be determined based on the lower of the applicant's previous year's adjusted gross income or the previous three-year average rather than only on the average adjusted gross income for the previous three years.

**Developmental disabilities grants** - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly provided for inflationary increases of 2.2 percent each year, the same as recommended in the executive budget. The Legislative Assembly added \$1,498,512, of which \$484,547 is from the general fund for increasing the average wage for community provider direct care workers by 10 cents per hour and additional funding of \$5,676,132, of which \$1,837,358 is from the general fund to replace the \$1 million general fund underfunding in the executive budget and for additional funding anticipated to be needed for these grants as a result of department reprojections.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$156,870,722	<b>\$164,045,366</b>	\$7,174,644	
House Bill No. 1196 - Personal care allowance increase (ICF/MR)			<b>129,600</b>	129,600	
<b>Total DD grants</b>	\$148,922,689	\$156,870,722	<b>\$164,174,966</b>	\$7,304,244	\$15,252,277
General fund	\$49,302,719	\$51,383,465	<b>\$53,705,370</b>	\$2,321,905	\$4,402,651
Health care trust fund			<b>\$43,200</b>	\$43,200	\$43,200
Other funds	\$500,000				(\$500,000)
Federal funds	\$99,119,970	\$105,487,257	<b>\$110,426,396</b>	\$4,939,139	\$11,306,426

**Targeted case management** - The Legislative Assembly approved House Bill No. 1117, introduced as part of the executive budget, which requires the Department of Human Services to establish targeted case management services for eligible elderly and disabled individuals who are at risk of requiring long-term care services. The schedule below reflects the funding adjustments made to various programs of the

Department of Human Services relating to targeted case management. The net additional cost of \$323,788 relates to expanding targeted case management services to basic care and other aged and disabled individuals who are Medicaid-eligible but currently not receiving case management services.

	Executive Budget Changes Relating to Targeted Case Management (As compared to funding under current law)				Legislative Changes to the Executive Budget Relating to Targeted Case Management				Total Changes Relating to Targeted Case Management			
	General Fund	Federal Funds	County Funds	Total	General Fund	Federal Funds	County Funds	Total	General Fund	Federal Funds	County Funds	Total
Medical assistance					\$338,530	\$769,220		\$1,107,750	\$338,530	\$769,220		\$1,107,750
Basic care assistance					(14,462)			(14,462)	(14,462)			(14,462)
Service payments for elderly and disabled (SPED)	(\$445,432)	\$445,432			(90,065)	(445,432)	(\$16,203)	(551,700)	(535,497)		(\$16,203)	(551,700)
Expanded SPED					(217,800)			(217,800)	(217,800)			(217,800)
Total	(\$445,432)	\$445,432	\$0	\$0	\$16,203	\$323,788	(\$16,203)	\$323,788	(\$429,229)	\$769,220	(\$16,203)	\$323,788

**Children's special health services** - The Legislative Assembly moved funding for the children's special health services program from the Program and Policy subdivision to Medical Services and removed the program's director position. In addition, the Legislative Assembly approved Senate Bill No. 2239 which transferred responsibility for PKU (phenylketunoria) treatment services from the State Department of Health to the Department of Human Services and added, as a result of this transfer, \$57,619 from the general fund to the children's special health services program.

## PROGRAM AND POLICY

**Senior citizen mill match** - The Legislative Assembly provided funding of \$1,662,945 for the senior citizen mill levy matching grant program (\$1,412,945 from the general fund), an increase of \$400,000 (\$150,000 from the general fund) compared to the 1999-2001 biennium appropriation of \$1,262,945 from the general fund. The Legislative Assembly provided the same funding in total as the executive recommendation, but provided \$250,000 of the total from the health care trust fund in House Bill No. 1196 rather than providing the entire amount from the general fund as

recommended in the executive budget. The funding provided is estimated to match counties at 56.9% for all mills levied for senior citizen programs in tax year 2000. Counties may levy up to 2 mills for these programs.

**Service payments for the elderly and disabled** - The schedule below provides a comparison of funding for service payments for the elderly and disabled (SPED). The Legislative Assembly approved House Bill No. 1117,

recommended as part of the executive budget requiring the department to include targeted case management for SPED in its state Medicaid plan which allows this service to receive federal Medicaid funding. As a result, the Legislative Assembly transferred \$551,700 of funding from the SPED program to Medical Assistance because the targeted case management services will be paid for through Medical Assistance rather than the SPED program.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$13,967,295	\$6,517,293	(\$7,450,002)	
House Bill No. 1196			6,898,302	6,898,302	
<b>Total SPED</b>	\$12,814,290	\$13,967,295	<b>\$13,415,595</b>	(\$551,700)	\$601,305
General fund	\$7,911,168	\$8,561,099	<b>\$5,835,142</b>	(\$2,725,957)	(\$2,076,026)
Health care trust fund	\$4,262,410	\$4,262,410	<b>\$6,898,302</b>	\$2,635,892	\$2,635,892
County funds	\$640,712	\$698,354	<b>\$682,151</b>	(\$16,203)	\$41,439
Federal funds		\$445,432		(\$445,432)	

**Expanded SPED** - The schedule below provides a comparison of funding for expanded SPED. The Legislative Assembly approved House Bill No. 1117, recommended as part of the executive budget requiring the department to include targeted case management for expanded SPED in its

state Medicaid plan which allows this service to receive federal Medicaid funding. As a result, the Legislative Assembly transferred \$217,800 of funding from the expanded SPED program to Medical Assistance because the targeted case management services will be paid for through Medical Assistance rather than the expanded SPED program.

	1999-2001 Biennium	2001-03 Executive Budget	2001-03 Legislative Appropriation	2001-03 Legislative Increase (Decrease) to 2001-03 Executive Budget	2001-03 Legislative Increase (Decrease) to 1999-2001
House Bill No. 1012		\$1,421,080	<b>\$1,203,280</b>	(\$217,800)	
Total general fund	\$898,044	\$1,421,080	<b>\$1,203,280</b>	(\$217,800)	\$305,236

**Children's special health services** - The Legislative Assembly moved funding for children's special health services from the Program and Policy subdivision to Medical Services.

inmates at the State Hospital. With this special funds increase, the general fund support was reduced by \$2,139,284. However, the Legislative Assembly in Senate Bill No. 2016 reduced the general fund support for the Department of Corrections and Rehabilitation for this program by \$539,284 which will reduce the amount of special funds available to the State Hospital for these services.

## STATE HOSPITAL

**DUI offender treatment** - The Legislative Assembly approved the executive recommendation providing that special funds of \$2,139,284 be received from the Department of Corrections and Rehabilitation for driving under the influence (DUI) offender treatment services provided to corrections'

**Capital construction lease payments** - The Legislative Assembly approved the executive recommendation to add \$566,500 from the general fund for State Hospital capital construction lease payments. These funds

will be paid to the Industrial Commission for repayment on bonds issued on behalf of the State Hospital. Previously, these general fund moneys were appropriated directly to the Industrial Commission.

**State Hospital landfill** - The Legislative Assembly authorized the State Hospital to close its landfill if funding becomes available within the hospital's 2001-03 biennium appropriation during the second year of the biennium. The Legislative Assembly also directed the State Hospital to seek the assistance of the Adjutant General to close the landfill subject to approval by the Associated General Contractors of North Dakota. The executive budget had included an appropriation of \$413,255 from the health care trust fund for closing the landfill.

### DEVELOPMENTAL CENTER

**Capital construction lease payments** - The Legislative Assembly approved the executive recommendation to add \$649,234 from the general fund for Developmental Center capital construction lease payments. These funds will be paid to the Industrial Commission for repayment on bonds issued on behalf of the Developmental Center. Previously, these general fund moneys were appropriated directly to the Industrial Commission.

### HUMAN SERVICE CENTERS

**Partnership program** - The Legislative Assembly approved the executive recommendation to reduce partnership program funding at the human service centers by \$2,035,184. General fund support for the program increased by \$337,515, and federal funding decreased by \$2,372,699. Total

funding of \$5,796,110 is provided, \$2,139,990 of which is from the general fund for the partnership program at the human service centers. The Legislative Assembly also approved the executive recommendation to replace \$600,000 of general fund support with funding from the children's services coordinating committee for mental health partnership project core services at the human service centers (\$75,000 per center).

**Capital construction lease payments** - The Legislative Assembly approved the executive recommendation to appropriate all funding for capital construction lease payments to the entity responsible for the project. Previously, these general fund moneys were appropriated directly to the Industrial Commission. As a result, \$441,125 from the general fund was added at the Southeast Human Service Center for capital construction lease payments. These funds will be paid to the Industrial Commission for repayment on bonds issued on behalf of the Southeast Human Service Center.

**Adult protective services** - The Legislative Assembly removed \$210,000 from the general fund from the following human service centers for adult protective services:

	General Fund
Northeast Human Service Center	(\$40,700)
Southeast Human Service Center	(53,300)
South Central Human Service Center	(37,500)
West Central Human Service Center	(58,100)
Badlands Human Service Center	(20,400)
Total	(\$210,000)