

DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Eliminates 202.45 FTE positions departmentwide reducing salaries and wages by \$16.4 million, \$12 million of which is from the general fund. See Department 325 - Department of Human Services on the FTE schedule under the "State Employees" section for additional information.
- Reflects the additional state matching funds required due to changes in the state's federal medical assistance percentage (FMAP). The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 69.87 percent in federal fiscal year 2002 to an estimated 67.47 percent in federal fiscal year 2005 requiring an estimated \$17.2 million of additional state matching funds.
- Changes the department's appropriations bill structure by reducing the number of subdivisions in the bill from four to three and appropriating one line item for the State Hospital, one line item for the Developmental Center, and one line item for each human service center rather than an operations and a capital improvements/capital assets line item for each entity.

MANAGEMENT

- Changes the funding source to the general fund for \$871,765 of operating costs in the administration/support program that were funded from the sale of the developmental disability loan fund loans to the Bank of North Dakota during the 2001-03 biennium.

ECONOMIC ASSISTANCE

- Increases funding for temporary assistance for needy families (TANF) benefits by \$3.9 million of federal and special funds to a total of \$29.5 million for the 2003-05 biennium.
- Projects that 48,314 individuals will be eligible for medical assistance during the 2003-05 biennium, 5,804 more than the 42,510 that were originally anticipated to be eligible for the 2001-03 biennium. The actual number of eligible individuals in November 2002 was 52,670. The executive budget recommends a number of eligibility and policy changes that are anticipated to reduce the number of eligible individuals by 3,518 in the 2003-05 biennium.
- Creates a prescription drug assistance program for senior citizens with gross incomes of up to 210 percent of the federal poverty level. Eligibility would be determined by the counties and assets are not considered when determining eligibility. Funding of \$10.3 million is provided for the 2003-05

biennium, of which \$3.4 million is from the general fund, to serve an estimated 15,850 senior citizens by the end of the 2003-05 biennium.

- Eliminates optional medical assistance services for adults, including chiropractic, dental, hospice, and private duty nursing services. Funding removed for these services totals \$8.9 million, of which \$2.8 million is from the general fund for the 2003-05 biennium.
- Increases funding for medical assistance prescription drug services by \$19.7 million, or 24.1 percent, compared to anticipated expenditures for the 2001-03 biennium. The executive budget would require the department to develop a prescription drug cost-containment program for the 2001-03 biennium consisting of a preferred drug list, prior authorization, and supplemental rebates. The executive budget has reduced funding for prescription drug costs by \$9.6 million in anticipation of savings resulting from these cost-containment strategies. Without the cost-containment program, prescription drug costs are estimated to increase by \$29.2 million, or 35.9 percent.
- Changes a number of medical assistance policies and eligibility requirements, including limiting capital costs that hospitals may charge (\$1.8 million), limiting allowable charges to the Medicaid maximum allowable charge when medical assistance is the secondary payer to Medicare (\$6.1 million), allowing individuals to apply only up to \$15 per month toward their recipient liability for previous medical charges (\$2.2 million), and determining adult family members ineligible if the primary family wage earner works more than 100 hours per month (\$12.9 million).
- Establishes a provider tax on intermediate care facilities for the mentally retarded, including the Developmental Center. The tax is estimated to cost \$1.9 million from the general fund for increased provider reimbursement rates to allow for payment of the tax but is estimated to generate \$4 million of additional federal funds.
- Replaces \$2 million from the general fund with federal funds relating to the recommendation requiring individuals with developmental disabilities to be Medicaid-eligible in order to receive developmental disability services.
- Combines funding for nursing facility care, basic care assistance, service payments for elderly and disabled (SPED), expanded SPED, and the waivers for aged and disabled and traumatic brain injury services into one line item and program allowing the department to transfer funding among these assistance programs as needed.

- Increases funding for nursing facility care by \$11.5 million, or 3.9 percent, compared to the 2001-03 biennium original appropriation. Funding from the general fund is reduced by \$10.5 million, and funding from the health care trust fund is increased by \$20 million. The executive budget anticipates inflationary increases for nursing facilities of 3.66 percent for each year of the 2003-05 biennium but reduces nursing facility payment limits for direct care costs from 99 percent to 85 percent and eliminates nursing facility incentives (which have been up to \$2.60 per day) and the 3 percent nursing facility operating margin.
- Provides \$20.6 million, of which \$12.6 million is from the general fund and \$6.9 million is from the health care trust fund for SPED and expanded SPED, an increase of \$6 million, or 41.1 percent, over the \$14.6 million appropriated for the 2001-03 biennium.
- Provides \$8.4 million for basic care assistance, \$500,000 less than the \$8.9 million appropriated for the 2001-03 biennium.

PROGRAM AND POLICY

- Adds \$3.3 million, of which \$900,000 is from the general fund, for foster care services due to the privatization of the Ruth Meiers adolescent treatment center in Grand Forks and the Manchester House adolescent treatment center in Bismarck. See "HUMAN SERVICE CENTERS" section for related funding removed.
- Increases funding for subsidized adoption by \$3.3 million, of which \$1.5 million is from the general fund, to provide a total of \$8.2 million, of which \$3.3 million is from the general fund.
- Provides \$1,662,945 for the senior citizen mill levy matching grant program, the same level as the 2001-03 biennium.

STATE HOSPITAL

- Provides \$400,000 of proceeds from the sale of the LaHaug Building to the Department of Corrections and Rehabilitation to remodel other State Hospital buildings for mental health and substance abuse programs previously housed in the LaHaug Building.

- Removes \$2.4 million from the general fund and 34 FTE positions due to the transfer of the State Hospital laundry and food service facilities to the Department of Corrections and Rehabilitation. The Department of Corrections and Rehabilitation budget includes 15 FTE positions as transfers from the State Hospital.
- Removes \$403,676 from the general fund for extraordinary repairs. The 2003-05 executive budget does not provide any funding for extraordinary repairs at the State Hospital.

DEVELOPMENTAL CENTER

- Increases funding by \$1.7 million, of which \$528,000 is from the general fund for paying the recommended provider tax on intermediate care facilities for the mentally retarded, including the Developmental Center.
- Removes \$215,129 from the general fund for extraordinary repairs. The 2003-05 executive budget does not provide any funding for extraordinary repairs at the Developmental Center.

HUMAN SERVICE CENTERS

- Provides a funding pool of \$250,000 from the general fund to be distributed to human service centers for mental health and substance abuse services based on the needs of each region.
- Replaces one-time funding of \$2.6 million appropriated for the 2001-03 biennium from human service center collections with funding from the general fund. The department's 2001-03 biennium budget included human service center income generated prior to the 2001-03 biennium and not spent as additional one-time special funds income which is not available for the 2003-05 biennium.
- Removes \$3.5 million, of which \$1.4 million is from the general fund, including 33.3 FTE positions relating to the privatization of the Ruth Meiers Adolescent Treatment Center in Grand Forks and the Manchester House Adolescent Treatment Center in Bismarck.
- Reduces or removes funding for a number of services and programs at the human service centers. See Department 325 - Department of Human Services in the "Major Program Changes" section for additional information.