

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

FTE positions - The Department of Human Services is authorized a total of 2,057.42 full-time equivalent (FTE) positions for the 2003-05 biennium, an increase of 16.3 FTE positions compared to the executive budget and a decrease of 186.15 compared to the 2001-03 biennium. The executive budget recommendation included the elimination of 202.45 FTE positions. The Legislative Assembly approved eliminating 189.15 FTE positions but restored 13.3 FTE positions relating to the Ruth Meiers Adolescent Treatment Center in Grand Forks (see **Human Service Centers** section below). The Legislative Assembly also added 4 FTE positions and removed 1 FTE position at the human service centers.

Health care trust fund - The executive budget recommended appropriations of \$37,335,878 from the health care trust fund for Department of Human Services programs. The Legislative Assembly appropriated funding for these Department of Human Services' programs directly from the general fund and authorized a \$38,911,035 transfer from the health care trust fund to the general fund during the 2003-05 biennium.

Funding flexibility - The Legislative Assembly authorized the department to transfer appropriation authority between line items within each subdivision of the department and between subdivisions of the department for the 2003-05 biennium. The department is to report to the Budget Section after June 30, 2004, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2005 Legislative Assembly regarding any transfers made.

Health and medical funding pool - The Legislative Assembly appropriated \$3,125,000, of which \$1 million is from the general fund to the department for supplementing other appropriations provided to the department for medical assistance, the Developmental Center, State Hospital, and home and community-based services programs.

MANAGEMENT

Funding source change - The Legislative Assembly reduced general fund support and increased other funds from special or federal funds, if available, by \$1.5 million for the department's administration support and information technology programs.

Transfer of information technology positions - The Legislative Assembly provided for the reduction and transfer of 5 FTE positions relating to

information technology services, including electronic mail, file and print server administration, data base administration, storage, application server, and hosting services, from the Department of Human Services to the Information Technology Department. The Department of Human Services is to establish an information technology services accounting code consisting of funding related to the salaries and wages for the identified employee positions and related funding for equipment, training, office rent, travel, contracted services, or other related costs. The Department of Human Services is to use the funding contained in the information technology services account to purchase information technology services from the Information Technology Department. The department is entitled to receive from the Information Technology Department the equivalent in services that would have been performed by the employees in the transferred positions at a cost not to exceed the amounts transferred to the agency's information technology services account.

PROGRAM AND POLICY

Funding source change - The Legislative Assembly reduced general fund support and increased other funds from special or federal funds, if available, by \$3,150,000 for the programs included under the program/policy management subdivision.

Operating expense reduction - The Legislative Assembly reduced the operating expenses line item of the program/policy management subdivision by \$1 million. The department may determine the specific areas to reduce.

TANF - Funding for temporary assistance for needy families (TANF) benefits is provided at \$29,507,940 of federal funds, the same as the executive budget and \$3,881,884 more than the 2001-03 legislative appropriation of \$25,626,056.

Indian county allocation - Subsection 3 of North Dakota Century Code 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 section provides that the grants be distributed at 90 percent of the excess costs. The Legislative Assembly provided \$2,614,166 for these grants, of which \$649,559 is from the general fund and \$1,964,607 is from "retained funds," the same as the executive budget and \$89,166 more than the 2001-03 biennium appropriation. Compared to the 2001-03 biennium general fund appropriation, the 2003-05 biennium general fund appropriation is \$192,566 more.

Basic care assistance - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly did not change

the executive recommendation to provide a 1.2 percent annual inflationary increase for basic care assistance providers

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total basic care assistance	\$8,864,258	\$8,395,725	\$8,395,725	\$0	(\$468,533)
General fund		\$365,777	\$747,857	\$382,080	\$747,857
Health care trust fund	\$382,080	\$382,080		(\$382,080)	(\$382,080)
"Retained funds"	\$2,400,992	\$2,284,362	\$2,284,362	\$0	(\$116,630)
Federal funds	\$6,081,186	\$5,363,506	\$5,363,506	\$0	(\$717,680)

Medical assistance - The Legislative Assembly provided total funding of \$95,207,239 for **prescription drug costs** under the medical assistance program, \$5,878,000 less than the executive budget recommendation but \$16,091,517 more than the 2001-03 biennium appropriation of \$79,115,722. The Legislative Assembly approved House Bill No. 1399 which appropriates \$100,000 from the general fund to the Insurance Department for implementing a pharmaceutical manufacturers drug access program and House Bill No. 1430 which requires the Department of Human Services to implement drug utilization review and drug prior authorization for the medical assistance program.

The budget reflects the **federal medical assistance percentage (FMAP)** for North Dakota to be 69.87 percent in federal fiscal year 2002, 68.36 percent in federal fiscal year 2003, 68.31 percent in federal fiscal year 2004, and a projected 67.47 percent in federal fiscal year 2005.

The Legislative Assembly approved the executive recommendation to change a number of **medical assistance policies and eligibility requirements**, including limiting capital costs that hospitals may charge (total estimated savings of \$1.8 million), limiting allowable charges to the Medicaid maximum allowable charge when medical assistance is the secondary payer to Medicare (total estimated savings of \$6.1 million), allowing individuals to apply only up to \$15 per month toward their recipient liability for previous medical charges (total estimated savings of \$2.2 million), and determining

adult family members ineligible if the primary family wage earner works more than 100 hours per month (total estimated savings of \$12.9 million). The Legislative Assembly required the department to establish a **\$6 copayment** for medical assistance recipients for each emergency room visit that is not designated an emergency service by the medical services provider and to **establish other copayments or limits and make other programmatic changes** within the medical services program to operate the program within the funding levels appropriated for the 2003-05 biennium.

The Legislative Assembly approved **Senate Bill No. 2194** which allows certain eligible individuals receiving **personal care services** under the service payments for elderly and disabled (SPED), expanded SPED, and other programs to receive those services under the medical assistance program. As a result, the Legislative Assembly increased funding for medical assistance by \$2,800,273, \$897,208 of which is from the general fund and \$1,903,065 of federal funds. Funding for SPED and expanded SPED was reduced by \$2,161,313. The bill also establishes a **medical assistance buy-in program** for individuals with disabilities. As a result of this program, funding for medical assistance grants was increased by \$1,314,335, \$421,113 of which is from the general fund and \$893,222 of federal funds.

The schedule below provides a comparison of funding for medical assistance, excluding funding relating to nursing facility care and other long-term care services, the intergovernmental transfer program, developmental disabilities grants, and Healthy Steps program.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total medical assistance	\$439,420,726	\$509,664,407	\$505,714,774	(\$3,949,633)	\$66,294,048
General fund	\$121,735,059	\$144,756,171	\$143,484,131	(\$1,272,040)	\$21,749,072
Federal funds	\$307,299,670	\$352,323,436	\$349,645,843	(\$2,677,593)	\$42,346,173
Community health trust fund	\$114,755	\$114,755	\$114,755	\$0	\$0
Estate collections	\$4,251,632	\$1,818,408	\$1,818,408	\$0	(\$2,433,224)
Other funds	\$6,019,610	\$10,651,637	\$10,651,637	\$0	\$4,632,027

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.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total intergovernmental transfer program	\$38,750,000	\$27,495,655	\$27,495,655	\$0	(\$11,254,345)
General fund	\$11,650,000	\$8,682,211	\$8,682,211	\$0	(\$2,967,789)
Federal funds	\$27,100,000	\$18,813,444	\$18,813,444	\$0	(\$8,286,556)

Healthy Steps - The Legislative Assembly approved the executive recommendation to provide total funding of \$9,486,384 for Healthy Steps (children's health insurance program). Of this amount, \$2,127,162 is from the general fund, and \$7,359,222 is federal funds. Compared to the 2001-03 biennium projected expenditures, this is a \$2,272,515 increase, \$579,692 of which is from the general fund and \$1,692,823 of federal funds. The Legislative Assembly continued eligibility requirements for the program at 140 percent of poverty and anticipated an insurance premium rate of \$154.22 per child per month, an increase of 22 percent compared to the 2001-03 premium rate of \$126.40. The Legislative Assembly provided funding to serve 2,563 children for each month of the 2003-05 biennium.

The Legislative Assembly approved Senate Bill No. 2074 which continues the removal of the asset test for children and families coverage groups and pregnant women to be eligible for medical assistance. The change was made by the 2001 Legislative Assembly but only for the 2001-03 biennium.

Developmental disabilities grants - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly did not change the executive recommendation which did

not provide any inflationary increases for the 2003-05 biennium. The Legislative Assembly added \$13,596,833, of which \$4,486,051 is from the general fund for **increasing the average wage** for employees of developmental disabilities services providers by **87 cents per hour** and additional funding of \$3,498,839, of which \$1,119,628 is from the general fund to **increase the allowable fringe benefit percentage** for employees of developmental disabilities services providers **from 30 to 33 percent** of salary. The Legislative Assembly did not change the executive recommendation which added \$5,833,248, of which \$1,850,326 is from the general fund for increasing developmental disability provider rates to allow for payment of a **provider tax** on intermediate care facilities for the mentally retarded (ICF/MR), including the Developmental Center, pursuant to provisions of Senate Bill No. 2153. The Legislative Assembly also approved the executive recommendation to **require individuals** with developmental disabilities **to be Medicaid-eligible** in order to receive developmental disability services which results in estimated general fund savings of \$2 million for the 2003-05 biennium.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total DD grants	\$164,174,966	\$173,460,455	\$190,556,127	\$17,095,672	\$26,381,161
General fund	\$53,705,370	\$56,219,529	\$61,852,208	\$5,632,679	\$8,146,838
Health care trust fund	\$43,200	\$27,000		(\$27,000)	(\$43,200)
Federal funds	\$110,426,396	\$117,213,926	\$128,703,919	\$11,489,993	\$18,277,523

Nursing facilities - The Legislative Assembly appropriated \$318,444,621, of which \$102,073,218 is from the general fund for nursing facility payments under the medical assistance program. The schedule below compares the funding appropriated to the executive budget and the 2001-03 legislative appropriation. The funding level provides for a 3.66 percent annual inflationary increase and anticipates that an average

of 3,664 nursing facility beds will be occupied by Medicaid recipients during the 2003-05 biennium. The Legislative Assembly provided that the nursing facility direct care limit be set at \$85 per day adjusted for inflation for the 2003-05 biennium rather than at the 85th percentile as recommended in the executive budget. The direct care limit is set by statute and for the 2001-03 biennium was at the 99th percentile.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total nursing facilities	\$295,051,613	\$306,559,827	\$318,444,621	\$11,884,794	\$23,393,008
General fund	\$79,696,081	\$69,149,274	\$102,073,218	\$32,923,944	\$22,377,137
Health care trust fund	\$9,137,300	\$29,137,300		(\$29,137,300)	(\$9,137,300)
Federal funds	\$206,218,232	\$208,273,253	\$216,371,403	\$8,098,150	\$10,153,171

SPED - The schedule below provides a comparison of funding for SPED. The Legislative Assembly approved Senate Bill No. 2083, which provides legislative intent that the department reduce the income levels used to determine an eligible individual's share of the cost of SPED services which will result in those with higher incomes and assets paying a greater share for the cost of the services being received. As a result, the Legislative Assembly reduced funding for SPED by \$2,770,579,

\$2,632,049 of which is from the general fund and \$138,530 of county funds. The Legislative Assembly also approved Senate Bill No. 2194 which allows certain eligible individuals receiving personal care services under the SPED program to receive those services under the medical assistance program. As a result, the Legislative Assembly reduced funding for SPED by \$1,515,260, \$1,439,497 of which is from the general fund and \$75,763 of county funds because these costs will be charged to Medicaid.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total SPED	\$13,415,595	\$18,839,037	\$14,553,198	(\$4,285,839)	\$1,137,603
General fund	\$5,835,142	\$10,773,063	\$13,599,819	\$2,826,756	\$7,764,677
Health care trust fund	\$6,898,302	\$6,898,302		(\$6,898,302)	(\$6,898,302)
County funds	\$682,151	\$941,952	\$727,659	(\$214,293)	\$45,508
Federal funds		\$225,720	\$225,720	\$0	\$225,720

Expanded SPED - The schedule below provides a comparison of funding for expanded SPED. The Legislative Assembly reduced funding for expanded SPED by \$300,000 from the general fund and approved Senate Bill No. 2194 which allows certain eligible individuals receiving personal care services under the expanded SPED program to receive

those services under the medical assistance program. As a result, the Legislative Assembly reduced funding for expanded SPED by an additional \$646,053 from the general fund because these cost will be charged to Medicaid.

	2001-03 Biennium	2003-05 Executive Budget	2003-05 Legislative Appropriation	2003-05 Legislative Increase (Decrease) to 2003-05 Executive Budget	2003-05 Legislative Increase (Decrease) to 2001-03
Total expanded SPED	\$1,203,280	\$1,780,594	\$834,541	(\$946,053)	(\$368,739)
General fund	\$1,203,280	\$1,780,594	\$834,541	(\$946,053)	(\$368,739)

Senior citizen mill levy match - The Legislative Assembly provided funding of \$1,662,945 from the general fund for the senior citizen mill levy matching grant program, the same total level as recommended in the executive budget and as the 2001-03 biennium; however, the executive budget and the 2001-03 appropriation included \$1,412,945 from the general fund and \$250,000 from the health care trust fund. The funding provided is estimated to match counties at 54.1 percent for all mills levied for senior citizen programs in tax year 2002. Counties may levy up to 2 mills for these programs.

Independent living center grants - The Legislative Assembly provided \$1,094,539, of which \$292,345 is from the general fund and \$802,194 is federal funds for independent living center grants, a reduction of \$2,160 compared to the 2001-03 biennium appropriation of \$1,096,699, of which \$418,992 was from the general fund, \$100,000 from the health care trust fund, and \$577,707 from federal funds. The executive budget recommended funding for independent living centers of \$1,094,539, \$192,345 of which is from the general fund, \$100,000 from the health care trust fund, and \$802,194 of federal funds.

STATE HOSPITAL

Food service and laundry facilities - The Legislative Assembly approved the executive recommendation providing for the transfer of the State Hospital's food service and laundry facilities to the Department of Corrections and Rehabilitation. The change results in the reduction of \$2,439,427 from the general fund and 34 FTE positions from the State Hospital, of which \$2,185,862 and 30 FTE positions relate to the food service and \$253,565 and 4 FTE positions to the laundry. The Department of Corrections and Rehabilitation budget includes 15 FTE positions as transfers from the State Hospital.

Sale of LaHaug Building - The executive budget recommended the sale of the State Hospital's LaHaug Building to the Department of Corrections and

Rehabilitation for use as a women's prison. The executive budget included \$400,000 of income from the sale of the building in the State Hospital budget for remodeling other State Hospital buildings to house State Hospital programs and services previously located in the LaHaug Building. The Legislative Assembly did not approve the sale of the LaHaug Building to the Department of Corrections and Rehabilitation but did not remove the \$400,000 of income relating to the sale of the building from the State Hospital budget. The State Hospital will not be receiving or spending any of these funds.

Treatment services to inmates - The Legislative Assembly did not change the executive recommendation which included \$2,595,848 of income from the Department of Corrections and Rehabilitation for providing treatment services to inmates of the James River Correctional Center.

Unspecified general fund reduction - The Legislative Assembly reduced the general fund support for the State Hospital by \$2 million. The Department of Human Services may determine the specific areas to reduce within the State Hospital budget.

DEVELOPMENTAL CENTER

Provider tax - The Legislative Assembly approved the executive recommendation to add \$1,665,810, of which \$528,062 is from the general fund, for the Developmental Center to pay the provider tax on intermediate care facilities for the mentally retarded pursuant to provisions of Senate Bill No. 2153.

Unspecified general fund reduction - The Legislative Assembly reduced the general fund support for the Developmental Center by \$1 million. The Department of Human Services may determine the specific areas to reduce within the Developmental Center budget.

HUMAN SERVICE CENTERS

Mental health funding pool - The Legislative Assembly approved the executive recommendation to provide \$250,000 from the general fund for a

funding pool to be distributed to human service centers for mental health and substance abuse services based on the needs of the regions.

Adolescent treatment centers - The executive budget recommended privatizing the operations of the Ruth Meiers Adolescent Treatment Center in Grand Forks and the Manchester House Adolescent Treatment Center in Bismarck. The department distributed requests for proposals for organizations to operate the centers. The department accepted the proposal of Pride, Inc., to operate the Manchester House in Bismarck, but did not receive any proposals from organizations to operate the Ruth Meiers

Adolescent Treatment Center in Grand Forks. The Legislative Assembly approved the executive recommendation to privatize the operations of the Manchester House in Bismarck which reduced the West Central Human Service Center budget by \$2,019,351, of which \$604,377 is from the general fund, and removed 20 FTE positions. The Legislative Assembly restored funding to the Northeast Human Service Center budget to continue operating the Ruth Meiers Adolescent Treatment Center of \$1,945,433, \$545,016 of which is from the general fund, including 13.3 FTE positions.