

# DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

## DEPARTMENTWIDE

- Provides a total general fund appropriation of \$582.2 million, \$97.7 million, or 20.2 percent more than the \$484.4 million appropriated for the 2005-07 biennium.
- Adds \$9.1 million from the general fund for 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 64.72 percent in federal fiscal year 2007 to 63.75 percent in federal fiscal year 2008, then increasing to an estimated 64.08 percent in federal fiscal year 2009.
- Provides **inflationary increases** to the department's service providers of 3 percent for each year of the biennium. The 2005 Legislative Assembly approved 2.65 percent annual inflationary increases for the 2005-07 biennium.

## MANAGEMENT

- Provides \$31.1 million, of which \$3.7 million is from the general fund, for additional costs of rewriting the **Medicaid management information system (MMIS)** computer application. The 2005 Legislative Assembly provided \$29.2 million, of which the state matching share of \$3.7 million is from the permanent oil tax trust fund. This funding is recommended to be continued to the 2007-09 biennium by Section 2 of Senate Bill No. 2024.

## ECONOMIC ASSISTANCE

- Reduces funding for **temporary assistance for needy families (TANF)** costs by \$1.8 million to provide a total of \$22.4 million, of which \$4.3 million is from the general fund, for the 2007-09 biennium. The reduction is based on the number of recipients and average monthly payments during the 2005-07 biennium, both of which are lower than anticipated.
- Transfers the **children's special health services** program from the Medical Services Division of the Department of Human Services to the State Department of Health. Funding of \$2.1 million, of which \$950,000 is from the general fund, and eight full-time equivalent (FTE) positions are transferred.
- Provides \$97.5 million for **inpatient hospital services** in the medical assistance program, an increase of \$16.6 million, or 20.6 percent, compared to the 2005-07 appropriation of \$80.9 million.

- Provides \$46.5 million for **outpatient hospital services** in the medical assistance program, an increase of \$6.1 million, or 15.2 percent, compared to the 2005-07 biennium appropriation of \$40.4 million.
- Provides \$60.8 million for **prescription drugs** in the medical assistance program, an increase of \$3.3 million, or 5.7 percent, compared to the projected expenditures for the 2005-07 biennium of \$57.5 million.
- Includes \$19,149,615 from the general fund for making Medicare Part D prescription drug "**clawback**" **payments** to the federal government for the estimated prescription drug costs paid by Medicare for individuals eligible for both Medicare and Medicaid. The amount provided is an increase of \$3,297,906 from the adjusted 2005-07 biennium appropriation of \$15,851,709. During the 2005-07 biennium, the payments were made for 18 months (January 2006 through June 2007). The payments will be made for 24 months in 2007-09.
- Provides \$23.7 million for **premiums** in the medical assistance program, an increase of \$8.1 million, or 52 percent, compared to the 2005-07 biennium appropriation of \$15.6 million.
- Provides \$19.9 million for **treatment services for children** in the medical assistance program, an increase of \$9.2 million, or 85.1 percent, compared to the 2005-07 biennium appropriation of \$10.7 million.
- Provides \$19.7 million for **Healthy Steps**, the children's health insurance program, an increase of \$7.6 million, or 63.1 percent, compared to the 2005-07 biennium appropriation of \$12.1 million.
- Provides \$378.5 million for **nursing facility care**, an increase of \$35.4 million, or 10.3 percent, compared to the 2005-07 biennium appropriation of \$343 million. The increase includes \$25.2 million for the **cost to continue** 2005-07 inflationary increases, **rebas**ing nursing home costs from 2003 to 2006, effective January 2009, and for other **cost, caseload, and utilization adjustments** and \$10.2 million for the recommended **3 percent annual inflationary increases** and for using the RS means construction index rather than the consumer price index for the nursing home **rebas**ing formula.
- Provides \$14.4 million for **basic care**, of which \$6.3 million is from the general fund, an increase of \$1.1 million, of which \$950,000 is from the general fund compared to the 2005-07 biennium appropriation.
- Increases funding for **aged and disabled waiver services** by \$1.6 million, from \$3.4 million appropriated for the 2005-07 biennium to

\$5 million for the 2007-09 biennium. The general fund share is increasing by \$600,000, from \$1.2 million in 2005-07 to \$1.8 million for 2007-09.

- Provides \$9.8 million for **service payments for elderly and disabled (SPED)** and **expanded SPED** programs, \$4.1 million less than the \$13.9 million appropriated for the 2005-07 biennium. The department anticipates serving more SPED recipients under the personal care option during the 2007-09 biennium.
- Provides \$19.4 million for the Medicaid **personal care option**, \$3.9 million more than the \$15.5 million appropriated for the 2005-07 biennium. The general fund share of the 2007-09 biennium appropriation is \$7 million, \$1.5 million more than the \$5.5 million appropriated for the 2005-07 biennium.
- Provides \$267.1 million for **developmental disabilities services grants**, of which \$96.8 million is from the general fund. Compared to the 2005-07 biennium, the 2007-09 biennium funding is an increase of \$55.7 million, of which \$22.3 million is from the general fund. Of the \$55.7 million increase, \$33.9 million relates to the cost to continue 2005-07 biennium inflationary and wage increases approved by the 2005 Legislative Assembly and other cost and caseload adjustments and \$21.8 million for the recommended **3 percent annual inflationary increases** and for **increasing the average wage** of employees of developmental disabilities service providers by 60 cents per hour.

### PROGRAM AND POLICY

- Adds \$280,000 from the general fund to provide a total of \$1 million for state matching for federal Title III **aging services** funds.
- Adds \$2,774,562 from the general fund in the Division of Mental Health and Substance Abuse to phase in a **community-based sex offender treatment** program to provide services for up to 140 offenders.
- Adds \$700,000 from the general fund in the Division of Mental Health and Substance Abuse to contract with a private provider for a second residential treatment center for providing **methamphetamine treatment** services.

### STATE HOSPITAL

- Provides \$3.1 million from the general fund for costs of **constructing a high security addition** to the secure services unit at the State Hospital. The secure services unit provides sex offender treatment services and services to individuals that are mentally ill and dangerous.
- Adds \$3.6 million from the general fund and 36 FTE positions for **expanding the secure services unit** from 42 to 82 beds. Of the 40 new beds, 20 were added during the 2005-07 biennium, upon Emergency Commission approval.
- Provides \$4.7 million from the general fund for **capital improvements and extraordinary repairs** at the State Hospital.

### DEVELOPMENTAL CENTER

- Provides \$1.7 million, \$1.6 million of which is from the general fund, for **capital improvements, extraordinary repairs, and equipment purchases** at the Developmental Center.

### HUMAN SERVICE CENTERS

- Adds \$1.2 million, of which \$800,000 is from the general fund, for **increasing service capacity** at the Lake Region, Northeast, Southeast, and West Central Human Service Centers.
- Adds \$400,000, of which \$300,000 is from the general fund, for enhancing **drug court activities** in the north central, northeast, southeast, and west central human service regions.
- Provides \$1.5 million from the general fund to the South Central Human Service Center to contract **for community residential services** as an alternative to admission to the State Hospital for substance abuse and mental health treatment services.