

DEPARTMENT OF HUMAN SERVICES - SUMMARY

DEPARTMENTWIDE

Total funding - The chart below provides a comparison of legislative appropriations for the department for the 2007-09 biennium compared to the 2005-07 biennium.

Biennium	General Fund	Other Funds	Total
2007-09	\$591,962,788	\$1,290,084,630	\$1,882,047,418
2005-07	484,421,474	1,195,640,833	1,680,062,307
Increase (decrease)	\$107,541,314	\$94,443,797	\$201,985,111

FTE positions - The Department of Human Services is authorized a total of 2,210.78 full-time equivalent (FTE) positions for the 2007-09 biennium, an increase of 125.10 FTE positions compared to the executive budget and an increase of 163.35 FTE positions compared to the 2005-07 biennium. Changes compared to the 2005-07 biennium include:

- Adding 122.60 FTE positions associated with the state taking responsibility from the counties for administration of child support enforcement activities pursuant to provisions of Senate Bill No. 2205, 38.50 FTE positions for the State Hospital's secure services unit, 11 FTE positions at the human service centers, and 2 FTE positions in the central office.
- Removing 8 FTE children's special health services positions transferred to the State Department of Health, 1.75 FTE infant development positions privatized at the human service centers, and 1 FTE position in the central office not requested by the agency.

Anticipated salary savings - The Legislative Assembly did not change the executive recommendation which reduced salaries and wages funding from the general fund at the State Hospital and Developmental Center in anticipation of savings from vacant positions and employee turnover during the 2007-09 biennium. In addition, the Legislative Assembly reduced salaries and wages funding from the general fund in the Management and Program and Policy subdivisions in anticipation of savings from vacant positions and employee turnover. The reductions made are:

Management	\$200,000
Program and policy	400,000
State Hospital	1,059,046
Developmental Center	1,047,908
Total general fund reduction	\$2,706,954

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 2007-09 biennium. The department is to report to the Budget Section after June 30, 2008, on any transfers made in excess of \$50,000 and to the Appropriations Committees of the 2009 Legislative Assembly regarding any transfers made.

FMAP - The federal medical assistance percentage (FMAP) determines the state and federal share of Medicaid, foster care, and other program costs within the department. The schedule below presents recent and projected FMAPs for North Dakota. The Legislative Assembly did not change the executive budget recommendation which provided \$9.12 million of additional general fund support as a result of North Dakota's FMAP reductions projected for the 2007-09 biennium.

Federal Fiscal Year	North Dakota's FMAP Estimates
2004	71.31
2005	67.49
2006	65.85
2007	64.72
2008	63.75
2009 (estimate)	64.08

Inflationary increases - The Legislative Assembly provided a total of \$57.5 million, of which \$20.7 million is from the general fund and \$525,597 is from the health care trust fund, to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent inflationary increase for the second year of the biennium for the department's service providers. The executive budget recommended providing 3 percent annual inflationary increases. The Legislative Assembly added \$19.2 million, of which \$6.6 million is from the general fund and \$525,597 is from the health care trust fund, to the executive budget recommendation of \$38.3 million, of which \$14.1 million is from the general fund.

MANAGEMENT

MMIS project - The executive budget recommended and the Legislative Assembly approved the department's request for an additional \$31,072,641 to rewrite the Medicaid management information system (MMIS) computer application. Of the total, \$3,643,133 is state matching funds from the general fund. The 2005 Legislative Assembly appropriated \$29,188,859, of which \$3,667,820 was state matching funds from the permanent oil tax trust fund. Estimated total project costs include:

	State Match	Federal Funds	Total
2005-07 appropriation	\$3,667,820	\$25,521,039	\$29,188,859
2007-09 appropriation	3,643,133	27,429,508	31,072,641
Total	\$7,310,953	\$52,950,547	\$60,261,500

PROGRAM AND POLICY

TANF - Funding for temporary assistance for needy families (TANF) benefits is provided at \$22,439,980, of which \$4,314,942 is from the general fund, \$6,174,667 is retained funds, and \$11,950,371 is from federal funds and child support collections, the same as the executive budget and \$1,820,020 less than the 2005-07 legislative appropriation of \$24,260,000. The funding level is anticipated to provide services for an average monthly caseload of 2,750 and to provide an average monthly payment of \$340 per case for the 2007-09 biennium.

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 100 percent of the excess costs. The Legislative Assembly provided \$2,919,731 for these grants, of which \$955,124 is from the general fund and \$1,964,607 is from "retained funds," \$617,076 less than the executive budget and \$192,050 less than the 2005-07 biennium appropriation. All changes to the funding were made to the general fund. The legislative reduction relates to the state taking responsibility for administration of child support enforcement from the counties as provided in Senate Bill No. 2205.

Child support enforcement activities - The Legislative Assembly approved Senate Bill No. 2205 providing for state administration of child support enforcement activities. Under provisions of the bill, the regional child support enforcement units, including an estimated 122.6 FTE positions, currently under county supervision are transferred to the Department of Human Services effective July 1, 2007. The bill includes an appropriation of \$12,488,292, of which \$6,873,169 is from the general fund; however, these amounts are net of the \$617,076 Indian county allocation adjustment (see **Indian county allocation** section above); therefore, the total funding provided for these enforcement activity costs for the 2007-09 biennium is \$13,105,368, of which \$7,490,245 is from the general fund.

Basic care assistance - The schedule below provides a comparison of funding for basic care assistance. The Legislative Assembly added funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent increase for the second year for basic care assistance providers rather than the 3 percent annual inflationary increase recommended in the executive budget and reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total basic care assistance	\$13,301,971	\$14,401,246	\$14,083,121	(\$318,125)	\$781,150
General fund	\$5,374,918	\$6,323,372	\$6,097,305	(\$226,067)	\$722,387
Health care trust fund	\$158,095			\$0	(\$158,095)
"Retained funds"	\$2,284,362	\$2,284,362	\$2,284,362	\$0	\$0
Federal funds	\$5,484,596	\$5,793,512	\$5,701,454	(\$92,058)	\$216,858

Medical assistance - 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. The Legislative Assembly made a number of adjustments to the funding for medical assistance grants, including:

- Adding funds to provide for an inflationary increase of 4 percent for the first year of the biennium and a 5 percent increase for the second year rather than the 3 percent annual increases recommended by the Governor; continuous eligibility for children; additional dental services for children; increased payment rates for critical access hospitals, chiropractors, and ambulance services; a Medicaid buyin program for families of children with disabilities; a Medicaid waiver program to provide in-home services to children with extraordinary medical needs; and increasing the Medicaid eligibility level for children from 100 percent to 133 percent of poverty if allowed by the federal government.
- Reducing funds to reflect an anticipated reduction in funding needed for inpatient hospital services, prescription drugs, and durable medical equipment.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total medical assistance	\$369,706,833	\$382,231,740	\$396,153,123	\$13,921,383	\$26,446,290
General fund	\$87,151,956	\$99,271,951	\$104,104,510	\$4,832,559	\$16,952,554
Federal funds	\$256,278,074	\$252,049,579	\$261,138,403	\$9,088,824	\$4,860,329
Health care trust fund	\$846,712				(\$846,712)
Community health trust fund	\$254,356	\$213,904	\$213,904	\$0	(\$40,452)
Estate collections	\$4,003,032	\$3,400,000	\$3,400,000	\$0	(\$603,032)
Other funds	\$21,172,703	\$27,296,306	\$27,296,306	\$0	\$6,123,603

Medicare Part D "clawback" payments - The Legislative Assembly appropriated \$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 same amount recommended in the executive budget. Of the 2005-07 biennium funding provided for prescription drug expenditures in the Medicaid program, \$15,851,709 from the general fund was allocated for "clawback" payments.

Healthy Steps - The Legislative Assembly provided funding of \$20,204,746, of which \$4,649,132 is from the general fund and \$15,555,614 is federal funds for Healthy Steps (children's health insurance program). The amount provided is \$514,441 more than the executive budget. The general fund amount was reduced by \$316,423 and federal funds increased by \$830,864. Compared to the 2005-07 legislative appropriation, the funding provided is a \$8,129,204 increase, \$1,753,899 of which is from the general fund and \$6,375,305 of federal funds. The Legislative Assembly made a number of adjustments to the funding

for Healthy Steps, including adding funding to allow income eligibility disregards similar to the Medicaid program and reducing funding to reflect an anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget. In addition, the Legislative Assembly, in House Bill No. 1463, increased Medicaid eligibility for children under 19 years of age from 100 percent to 133 percent of poverty and the children's health insurance program net income eligibility from 140 percent to 150 percent of poverty. The Medicaid eligibility change is contingent on the federal government's approval. If the federal government does not approve the change, the children's health insurance program eligibility change is contingent on the federal government providing additional children's health insurance program funding to provide the additional federal matching funds needed to allow for this change to be made.

Developmental disabilities grants - The schedule below provides a comparison of funding for developmental disabilities (DD) grants. The Legislative Assembly added funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent increase for the second year for developmental disabilities service providers rather than the 3 percent annual inflationary increase recommended in the executive budget and reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the program from the amounts included in the executive budget. The Legislative Assembly did not change the executive recommendation to increase the average wage of employees of developmental disabilities service providers by 60 cents per hour effective July 1, 2007. In addition, the Legislative Assembly provided a \$3.5 million contingent appropriation from Bank of North Dakota loan proceeds to provide additional state matching funds for developmental disabilities services grants, contingent on cost and caseload/utilization being more than anticipated and subject to Budget Section approval.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total DD grants	\$211,379,320	\$267,128,377	\$274,423,470	\$7,295,093	\$63,044,150
General fund	\$74,552,161	\$96,812,766	\$95,952,600	(\$860,166)	\$21,400,439
Health care trust fund	\$975,408				(\$975,408)
Contingent Bank of North Dakota loan proceeds			\$3,500,000	\$3,500,000	\$3,500,000
Federal funds	\$135,851,751	\$170,315,611	\$174,970,870	\$4,655,259	\$39,119,119

Nursing facilities - The schedule below provides a comparison of the funding provided for nursing facility payments under the medical assistance program. The Legislative Assembly added funding to provide a 4 percent inflationary increase for the first year of the biennium and a 5 percent increase for the second year for nursing facilities rather than the 3 percent annual inflationary increase recommended in the executive budget and reduced funding to reflect an anticipated reduction in the cost and caseload/utilization of the nursing facility services from the amounts included in the executive budget. The Legislative Assembly did not change the executive recommendation to include funding to rebase nursing home rates effective January 1, 2009, and to change the nursing home rebasing formula to use the RS means construction index rather than the consumer price index.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total nursing facilities	\$343,013,040	\$378,455,376	\$371,475,215	(\$6,980,161)	\$28,462,175
General fund	\$120,807,641	\$136,360,652	\$133,318,915	(\$3,041,737)	\$12,511,274
Health care trust fund	\$736,598		\$525,597	\$525,597	(\$211,001)
Federal funds	\$221,468,801	\$242,094,724	\$237,630,703	(\$4,464,021)	\$16,161,902

SPED - The schedule below provides a comparison of funding for service payments for elderly and disabled (SPED). The Legislative Assembly added funding to increase the inflationary rate for SPED from 3 percent for each year of the biennium as recommended in the executive budget to 4 percent for the first year of the biennium and 5 percent for the second year. The Legislative Assembly did not approve the executive recommendation to require individuals to need assistance in at least one activity of daily living (ADL) in order to be eligible for the program. The Legislative Assembly added funding to provide that qualified service providers be paid using a fee-for-service method based on 15-minute units of service.

	2005-07 Biennium	2007-09 Executive Budget	2007-09 Legislative Appropriation	2007-09 Legislative Increase (Decrease) to 2007-09 Executive Budget	2007-09 Legislative Increase (Decrease) to 2005-07
Total SPED	\$13,021,263	\$9,101,518	\$11,945,116	\$2,843,598	(\$1,076,147)
General fund	\$12,015,332	\$8,646,445	\$11,347,860	\$2,701,415	(\$667,472)
Health care trust fund	\$140,431				(\$140,431)
County funds	\$639,780	\$435,656	\$597,256	\$161,600	(\$42,524)
Federal funds	\$225,720	\$19,417		(\$19,417)	(\$225,720)

Residential substance abuse treatment services - The Legislative Assembly added \$134,000 from the general fund for increasing the department's contract from \$500,000 as recommended in the executive budget and provided for the 2005-07 biennium to \$634,000 for substance abuse treatment services at the Robinson Recovery Center. This amount is prior to any inflationary increases or other legislative adjustments. The executive budget also included \$700,000 from the general fund for adding a second residential treatment center for providing methamphetamine treatment services. The Legislative Assembly provided that this funding be used for increasing the number of individuals receiving methamphetamine treatment services at the Robinson Recovery Center.

Community-based sex offender treatment services - The Legislative Assembly did not change the executive recommendation which included \$2,774,562 from the general fund for phasing in a community-based sex offender treatment program to provide services for up to 140 offenders.

STATE HOSPITAL

Secure services - The Legislative Assembly provided the following items for the secure services unit (sex offender treatment services and services to individuals that are mentally ill and dangerous) at the State Hospital:

- Provide \$3.1 million from the general fund to construct a high security addition to the GM building at the State Hospital for individuals requiring a high level of security within the secure services unit.
- Continue funding of \$2.3 million, of which \$2.2 million is from the general fund, and 19 FTE positions approved by the Emergency Commission during the 2005-07 biennium and related operating expenses for expanding the secure services unit from 42 beds to 62 beds during the 2005-07 biennium.
- Expand the secure services unit by an additional 20 beds for a total of 82 beds by providing an additional \$1.3 million from the general fund and by authorizing an additional 17.5 new FTE positions.

Capital improvements - The Legislative Assembly appropriated \$3,062,757 from the general fund for capital improvements, including upgrading the electrical service, road improvements, and lift station repairs. The amount provided is \$300,000 less than recommended in the executive budget. The Legislative Assembly did not change the executive recommendation to provide \$1,333,500 from the general fund for extraordinary repairs at the State Hospital.

DEVELOPMENTAL CENTER

Capital improvements - The Legislative Assembly provided \$300,000 from the general fund for capital improvement projects at the Developmental Center, \$647,092 less than the amount recommended in the executive budget. The Legislative Assembly provided \$547,092 from the general fund for extraordinary repairs at the Developmental Center, \$52,908 less than the executive recommendation.

HUMAN SERVICE CENTERS

Operating budget reductions - The Legislative Assembly reduced human service center operating budgets by a total of \$800,000 from the general fund as follows:

Human Service Center	Reduction Amount
Northwest	\$54,640
North Central	111,200
Lake Region	67,760
Northeast	123,600
Southeast	147,680
South Central	103,120
West Central	129,840
Badlands	62,160
Total	\$800,000