

**State Department of Health
Budget No. 301
Senate Bill No. 2004 and House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	364.00	\$43,474,460	\$158,019,958	\$201,494,418
2017-19 base budget	365.00	48,535,568	141,970,854	190,506,422
Legislative increase (decrease) to base budget	(1.00)	(\$5,061,108)	\$16,049,104	\$10,987,996

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 legislative appropriations	\$43,474,460	\$0	\$43,474,460
2015-17 adjusted legislative appropriations	48,535,568	336,000	48,871,568 ¹
2017-19 legislative increase (decrease) to 2015-17 adjusted appropriations	(\$5,061,108)	(\$336,000)	(\$5,397,108)
Percentage increase (decrease) to 2015-17 adjusted appropriations	(10.4%)	(100.0%)	(11.0%)

¹The 2015-17 biennium general fund appropriations reflect distributions from the targeted market equity fund of \$724,558.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.		\$770,856	\$404,755	\$1,175,611
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.		531,356	490,394	1,021,750
Removed 1 FTE electronics technician II position from the Air Quality Division of the Environmental Health Section and related funding for salaries and wages.	(1.00)	(111,233)	(27,808)	(139,041)
Removed 6 undesignated FTE positions, including related funding for salaries and wages.	(6.00)	(475,736)	(324,808)	(800,544)
Reduced the base budget, based on the agency's budget request, including the removal of 1 FTE environmental scientist II position in the Water Quality Division of the Environmental Health Section and related salaries and wages of \$145,569 from the general fund.	(1.00)	(5,154,975)	805,115	(4,349,860)
Restored funding for salaries and wages, operating expenses, and grants, reduced as part of the 2015-17 budget reductions.		3,012,391		3,012,391
Adjusted funding for cost-to-continue programs.		100,597	(5,736,641)	(5,636,044)

Reduced funding for operating expenses agencywide.	(135,000)	(540,000)	(675,000)
Adjusted the funding source for litigation fees related to the Environmental Protection Agency lawsuit to provide funding from the strategic investment and improvements fund instead of the general fund.	(500,000)	500,000	0
Reduced funding for bond and capital payments to provide a total of \$636,877, of which \$455,931 is from the general fund.	(404)	(243,680)	(244,084)
Reduced funding for extraordinary repairs to provide a total of \$300,350, of which \$62,516 is from the general fund.	(17,727)	(18,093)	(35,820)
Adjusted funding for equipment to provide a total of \$2,509,513 from other funds.	(10,000)	841,412	831,412
Increased funding for state aid grants to local public health units and adjusted the funding sources to provide a total of \$5.25 million, of which \$3.25 million is from the general fund and \$2 million is from the tobacco prevention and control trust fund.	(1,000,000)	2,000,000	1,000,000
Added 1 FTE position for tobacco prevention and control and increased funding by \$7,953,333 from the tobacco prevention and control trust fund for tobacco prevention and control and cessation programs. Funding provided for tobacco prevention and control totals \$13,646,704, of which \$3,200,000 is from the community health trust fund, \$8,453,333 is from the tobacco prevention and control trust fund, and \$1,993,371 is from federal funds. Tobacco prevention and control funding includes \$6.5 million for grants to local public health units for tobacco prevention and control programs.	1.00	7,953,333	7,953,333
Adjusted funding for the following programs to provide \$2,224,862 from the tobacco prevention and control trust fund instead of the general fund.	(2,224,862)	2,224,862	0

	Tobacco Prevention and Control Trust Fund
Cancer programs	\$744,804
Stroke and cardiac care programs	756,418
Physician loan repayment program	480,000
Behavioral health loan repayment program	243,640
Total	\$2,224,862

Reduced funding from the tobacco prevention and control trust fund for cancer programs due to less need for colorectal screenings.		(100,000)	(100,000)
Added funding from the tobacco prevention and control trust fund for domestic violence offender treatment grants.		300,000	300,000
Reduced funding for emergency medical services grants to provide a total of \$7,721,000. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,625,000	(561,820)		(561,820)

is from the general fund and \$1,250,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund.

Added funding for a federal Ebola grant anticipated to be received by the department.			1,043,098	1,043,098
Added funding for grants from special funds resulting from a settlement agreement between the United States Department of Justice and the Volkswagen Corporation related to emissions. The State Department of Health has been designated to receive the funds by the Governor's office.			2,500,000	2,500,000
Added ongoing funding and authorization for 6 FTE positions to establish a Medical Marijuana Division, based on the fiscal note for Senate Bill No. 2344, to provide total ongoing funding of \$1,465,704, including funding provided for employee health insurance premium increases, of which \$723,270 is from the general fund and \$742,434 is from the medical marijuana fund.	6.00	715,449	722,879	1,438,328
Added one-time funding from the medical marijuana fund for costs related to establishing a Medical Marijuana Division.			95,066	95,066
Added one-time funding for a women, infants, and children program computer project.			1,739,220	1,739,220
Added funding from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline (House Bill No. 1024).			1,420,000	1,420,000
Total	<u>(1.00)</u>	<u>(\$5,061,108)</u>	<u>\$16,049,104</u>	<u>\$10,987,996</u>

FTE Changes

The Legislative Assembly approved 364 FTE positions for the State Department of Health for the 2017-19 biennium, a decrease of 1 FTE position from the 2015-17 biennium. The Legislative Assembly removed 1 FTE electronics technician II position from the Air Quality Division of the Environmental Health Section, 1 FTE environmental scientist II position from the Water Quality Division of the Environmental Health Section, and 6 FTE positions, not identified, agencywide. The Legislative Assembly also added 1 FTE position for tobacco prevention and control and 6 FTE positions to establish a Medical Marijuana Division.

One-Time Funding

In Section 3 of Senate Bill No. 2004, the Legislative Assembly identified \$1,834,286 of one-time funding from special funds for a women, infants, and children program computer project (\$1,739,220) and for one-time costs related to establishing a Medical Marijuana Division (\$95,066). In addition, House Bill No. 1024 included one-time funding of \$1.42 million from special funds received from the Adjutant General for expenses of law enforcement support related to unlawful activity associated with the construction of the Dakota Access Pipeline. These amounts are not to be considered part of the State Department of Health's 2019-21 biennium base budget, and the State Department of Health is to report to the Appropriations Committees during the 2019 legislative session on the use of this funding.

Deficiency Appropriations

In Section 1 of House Bill No. 1024, the Legislative Assembly provided a deficiency appropriation of \$250,000 from the strategic investment and improvements fund to the State Department of Health for additional costs related to ongoing legal actions with the United States Environmental Protection Agency during the 2015-17 biennium.

Emergency Medical Services Funding

The Legislative Assembly provided a total of \$7,721,000, of which \$6,471,000 is from the general fund and \$1.25 million is from the insurance tax distribution fund, for rural EMS grants. Emergency medical services rural assistance grants total \$6,875,000, of which \$5,625,000 is from the general fund and \$1,250,000 is from the insurance tax distribution fund. Emergency medical services training grants total \$846,000 from the general fund. This level of funding represents a 10 percent reduction in funding from the general fund (\$719,000) compared to the original 2015-17 biennium appropriation.

Tobacco Prevention and Control Funding

The Legislative Assembly, in Senate Bill No. 2024, repealed Chapter 23-42 related to the tobacco prevention and control program and transferred the responsibility for the statewide tobacco prevention and control plan to the State Department of Health. In Senate Bill No. 2004, the Legislative Assembly added 1 FTE position for tobacco prevention and control and increased funding to provide a total tobacco prevention and control appropriation of \$13,646,704, of which \$3,200,000 is from the community health trust fund, \$8,453,333 is from the tobacco prevention and control trust fund, and \$1,993,371 is from federal funds. Funding from the community health trust fund provides for community health tobacco programs, the Tobacco Quitline, and a tobacco prevention coordinator. Funding provided from the tobacco prevention and control trust fund includes \$6.5 million for grants to local public health units for tobacco prevention and control programs and \$500,000 for cessation.

In Senate Bill No. 2024, the Legislative Assembly amended Section 54-27-25(2) to remove restrictions relating to the administration of the tobacco prevention and control trust fund and provide money received into the fund be used as appropriated by the Legislative Assembly. In addition, the Legislative Assembly, in Section 15 of House Bill No. 1015, requires the Office of Management and Budget to administer the tobacco prevention and control trust fund in accordance with legislative authorizations or appropriations during the 2017-19 biennium. In Senate Bill No. 2004 and House Bill No. 1012, the Legislative Assembly amended Section 54-27-25(1) relating to the tobacco settlement trust fund to remove the requirement that 80 percent of the transfers from the tobacco settlement trust fund to the community health trust fund must be used for tobacco prevention and control and to suspend transfers from the tobacco settlement trust fund to the common schools trust fund during the 2017-19 biennium. Transfers from the tobacco settlement trust fund to the community health trust fund are increased from 10 to 55 percent of the tobacco settlement revenues deposited in the tobacco settlement trust fund during the 2017-19 biennium.

The Legislative Assembly transferred the responsibility for the statewide tobacco prevention and control plan to the State Department of Health and provided as of July 1, 2017, all business-related records belonging to the Comprehensive Tobacco Control Advisory Committee must be transferred to the State Department of Health. The Comprehensive Tobacco Control Advisory Committee must allow the State Department of Health to have access to the business-related records of the committee before July 1, 2017, as necessary, for the purpose of transitioning operations to the State Department of Health. By July 31, 2017, the State Department of Health must develop a statewide tobacco prevention and control plan that is consistent with the five components of the Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs. At least once during the 2017-19 biennium, the State Department of Health must provide for an independent review of the tobacco prevention and control plan to evaluate the effectiveness of the plan and its implementation. The department must report the results of the independent review to the Legislative Management.

Local Public Health Unit Funding

The Legislative Assembly provided a total of \$5.25 million, of which \$3.25 million is from the general fund and \$2 million is from the tobacco prevention and control trust fund for grants to local public health units. The Legislative Assembly adjusted the funding source for grants to local public health units and increased funding by \$1 million, compared to the \$4.25 million provided from the general fund in the original 2015-17 biennium appropriation.

Medical Marijuana Division

In November 2016, voters approved Initiated Statutory Measure No. 5 (North Dakota Compassionate Care Act) relating to medical marijuana and created North Dakota Century Code Chapter 19-24. In Senate Bill No. 2344 (2017), the Legislative Assembly repealed Chapter 19-24 and created and enacted Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 requires the State Department of Health establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. The Legislative Assembly, based on the fiscal note for Senate Bill No. 2344, provided a total of \$1,560,770 and authorized 6 FTE positions to establish a Medical Marijuana Division. The Legislative Assembly provided ongoing funding of \$1,465,704, of which \$723,270 is from the general fund; \$742,434 is from the medical marijuana fund; and one-time funding of \$95,066 from the medical marijuana fund for costs related to establishing a Medical Marijuana Division. In Section 19-24.1-40, the Legislative Assembly established a medical marijuana fund. The

State Department of Health must deposit all fees related to medical marijuana into the fund and must administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program.

Other Sections in Senate Bill No. 2004

Environment and rangeland protection fund - Section 4 authorizes the department to spend \$250,000 from the environment and rangeland protection fund for ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

Insurance tax distribution fund - Section 5 provides \$1.25 million from the insurance tax distribution fund to the State Department of Health for rural emergency medical services grants during the 2017-19 biennium.

Strategic investment and improvements fund - Section 6 provides \$500,000 from the strategic investment and improvements fund to the State Department of Health for Environmental Protection Agency litigation during the 2017-19 biennium.

Student loan trust fund - Section 7 provides \$360,000 from the student loan trust fund to the State Department of Health for dental loan repayment grants during the 2017-19 biennium.

Tobacco prevention and control trust fund - Section 8 provides \$12,878,195 from the tobacco prevention and control trust fund to the State Department of Health for tobacco prevention and related health programs during the 2017-19 biennium.

Legislative intent - Medical marijuana - Section 9 provides legislative intent that Chapter 19-24.1 related to medical marijuana, as created by Senate Bill No. 2344, be subject to the requirements of Section 8 of Article III of the Constitution of North Dakota until December 8, 2023.

Legislative intent - Newborn screening - Section 10 provides legislative intent that the State Department of Health's newborn screening program collaborate with the cardiac system of care task force to provide congenital heart defect educational materials and explore data collection and analysis.

Dentists loan repayment program - Sections 11 and 12 amend Sections 43-28.1-01 and 43-28.1-03 related to dentists loan repayment program and criteria to be used in selecting qualified dentists.

Community health trust fund limitation - Section 13 amends Section 54-27-25(1) related to the tobacco settlement trust fund and the community health trust fund to remove the requirement that 80 percent of the transfers from the tobacco settlement trust fund to the community health trust fund be used for tobacco prevention and control.

Community health grant program - Section 14 repeals Chapter 23-38 related to the community health grant program.

Comprehensive Tobacco Control Advisory Committee records transfer - Section 15 requires, as of July 1, 2017, all business-related records belonging to the Comprehensive Tobacco Control Advisory Committee be transferred to the State Department of Health. The State Department of Health must also be allowed access to the business-related records of the Comprehensive Tobacco Control Advisory Committee prior to July 1, 2017, for the purposes of transitioning the operations to the State Department of Health.

Statewide tobacco prevention and control plan - Section 16 requires, by July 31, 2017, the State Department of Health must develop a statewide tobacco prevention and control plan that is consistent with the five components of the Centers for Disease Control and Prevention Best Practices for Comprehensive Tobacco Control Programs. At least once during the 2017-19 biennium, the State Department of Health must provide for an independent review of the tobacco prevention and control plan to evaluate the effectiveness of the plan and its implementation. Any costs related to the independent review are included in the tobacco prevention control line item and may be paid from the tobacco prevention and control trust fund. The department must report the results of the review to the Legislative Management.

Emergency - Section 17 provides the appropriation contained in the medical marijuana line item and Section 15 related to the transfer of records from the Comprehensive Tobacco Control Advisory Committee to the State Department of Health are declared to be emergency measures.

Related Legislation

Deficiency appropriation - House Bill No. 1024 provides a deficiency appropriation of \$250,000 from the strategic investment and improvements fund to the State Department of Health for additional costs related to ongoing legal actions with the United States Environmental Protection Agency during the 2015-17 biennium.

Dental loan repayment program - House Bill No. 1035 changes the dental loan repayment program to provide for a prorated payback of loan repayment funds if a dentist breaches the loan repayment contract.

Medical food program - House Bill No. 1187 increases the eligible age for the medical food program for phenylketonuria or maple syrup urine disease. A fiscal note prepared by the State Department of Health indicates an estimated cost of \$31,200 from the general fund during the 2017-19 biennium.

Cardiac ready community grant program - House Bill No. 1210 requires the State Department of Health to establish a cardiac ready community grant program and advisory committee and provides a continuing appropriation for gifts, grants, and donations.

Water quality tests - House Bill No. 1409 requires the results of certain water quality tests be reported to the State Department of Health and maintained in a database.

Tobacco prevention and control program - Senate Bill No. 2024 repeals the tobacco prevention and control program and amends Section 23-12-10.4(2) to provide the owner, operator, manager, or other person in control of a public place or place of employment where smoking is prohibited by Chapter 23-12 may request signage that meets the requirements of the section from the State Department of Health rather than the Tobacco Prevention and Control Advisory Committee.

Immunization program - Senate Bill No. 2099 removes the requirement that the State Department of Health supply vaccines to insured children under age 19, using a general fund appropriation, on behalf of the local public health units. The department may establish a program through which the department purchases vaccines through the federal vaccine purchasing contract. Funding for the immunization program was removed from the State Department of Health budget.

North Dakota Compassionate Care Act - Senate Bill No. 2154 suspends the provisions of Chapter 19-24, the North Dakota Compassionate Care Act, relating to issuance of applications by the State Department of Health, receipt by the department of applications for registration, and the duty of the department to issue certificates, until July 31, 2017, or the effective date of legislation enacted by the 65th Legislative Assembly authorizing the prescription, dispensing, growth, and use of medical marijuana, whichever occurs first.

Health Council duties - Senate Bill No. 2173 repeals Section 23-01-03.2 relating to duties of the Health Council to monitor health care costs and the quality of health care in the state and publish an annual report on health care in the state.

Syringe exchange program - Senate Bill No. 2320 allows the State Department of Health to authorize a qualified entity to operate a syringe exchange program.

Department of Environmental Quality - Senate Bill No. 2327 creates the Department of Environmental Quality and transfers duties and responsibilities relating to environmental quality from the State Department of Health to the Department of Environmental Quality. Before July 1, 2019, the State Department of Health must obtain the required approvals from, and amend the necessary agreements with, federal agencies and other public and private entities to ensure the state will continue to meet all primacy requirements.

Medical marijuana - Senate Bill No. 2344 repeals Chapter 19-24, created by Initiated Statutory Measure No. 5, approved by voters in November 2016, and creates Chapter 19-24.1 to provide for the legalization of medical marijuana. Senate Bill No. 2344 requires the State Department of Health establish and implement a medical marijuana program to allow for the production, processing, and sale of marijuana for medical use. The bill establishes a medical marijuana fund and requires the State Department of Health deposit all fees related to medical marijuana in the fund and administer the fund. Money in the fund is appropriated to the department on a continuing basis for use in administering the medical marijuana program. A fiscal note prepared by the State Department of Health estimates expenditures of \$1,560,770 to the State Department of Health and \$162,085 to the Attorney General, related to the processing of background checks, for a total of \$1,722,855, of which \$885,355 is from the general fund and \$837,500 is from the medical marijuana fund, during the 2017-19 biennium.