



Department of Health and Human Services
Department No. 325
2025 House Bill No. 1012

REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	2762.35	\$2,360,629,103	\$3,693,933,879	\$6,054,562,982
Revisions - Increase (decrease)	(75.00)	(61,047,510)	272,847,806	211,800,296
Armstrong budget recommendation	2,687.35	\$2,299,581,593	\$3,966,781,685	\$6,266,363,278
Base level	2,483.83	2,011,427,547	3,541,730,000	5,553,157,547
Increase (decrease)	203.52 ¹	\$288,154,046	\$425,051,685	\$713,205,731
Percentage increase (decrease)	8.2%	14.3%	12.0%	12.8%

¹Of these positions, 98 FTE positions relate to positions added during the 2023-25 biennium with funding approved by the 2023 Legislative Assembly but for which specific FTE authorization was not increased because of the salary and wages block grant.

NOTE:

More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- Salary increases of up to 3 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893 per employee
- Provides additional salary funding of \$9.8 million from the general fund
- Provides \$93 million, including a reduction of \$95.6 million in federal funds and an increase of \$176.2 million from the general fund for cost to continue, anticipated cost and caseload adjustments, Medicaid Expansion reductions, federal medical assistance percentage changes, and utilization changes in the department's budget
- Estimates the federal medical assistance percentage at 50.99 percent for federal fiscal years 2026 and 2027
- Provides \$43.7 million, of which \$21.9 million is from the general fund, for inflationary increases of 1.5 percent the 1st year of the biennium and 1.5 percent the 2nd year of the biennium for human service providers in the 2025-27 biennium
- Adds \$2.5 million of which \$634,154 is from the general fund and \$1.8 million from other funds removed from the Public Health Division to replace funding removed in the 2023-25 biennium for the new and vacant FTE funding pool
- Provides a \$14.5 million one-time appropriation from the strategic investment and improvements fund (SIIF) for housing initiatives including \$3.5 million for eviction prevention; \$1 million for home renovations for accessibility; and \$10 million for assistance for citizens at risk for housing instability
- Provides technology investments of \$49.7 million of which \$16 million is a one-time appropriation from SIIF to retire systems from outdated platforms, \$24.7 million for technology contract inflation and \$9 million is for new systems
- Continues funding the Avel eCare rural crisis support pilot program created during the 2023 legislative session with \$2 million from the community health trust fund
- Provides home- and community-based services (HCBS) investments of \$21.8 million of which \$12 million is from the general fund. Enhanced programs include services to support transition and diversion from institutions for \$5.3 million; cross-disability waiver implementation for \$4.9 million; and targeted rate increases for qualified service providers and home health providers for \$7.8 million; implement a developmental disability host home service for \$3.4 million; and provide housing assistance for targeted populations for \$300,000.

- Provides \$17.3 million of one-time funding for early childhood programs from the general fund
- Recommends \$300 million of bond proceeds to construct a new state hospital

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The June 30, 2023, State Auditor's report for the Department of Health and Human Services (DHHS) identified the following audit findings:

- **Workforce retention grants not passed through agencies to caregivers** - The grants are required to be passed through agencies to employees that spend at least 25 percent of their paid time providing direct care and no less than 51 percent of their paid time in a noninstitutional setting. A total of \$7,130 in the sample was given to administrative or other employees with a potential of \$20,434 in potential ineligible payments made to employees that did not qualify for the grant. All nonagency HCBS caregiver grants were paid in accordance with the policies of the department.
- **Ineligible agency employees received workforce retention grants** - Employees that did not qualify for the grant based on not working more than 51 percent of their time in a noninstitutional setting still received a grant. A total of \$26,342 in grants were given to ineligible employees in the sample which projects to potential ineligible payments of \$409,783.
- **No measurement of program goals for workforce retention grants** - The workforce retention incentive program purpose was to stabilize and strengthen the network of direct caregivers who provide HCBS care. The department did not identify any metrics to measure the effectiveness of the program in achieving the intended goal.
- **Weak controls over controlled substances at the State Hospital** - No diversion of controlled substances was identified; however, the identified weaknesses increase the risk for diversion of controlled substances to occur. Monthly pharmacist or designee walkthroughs documented unlocked drawers containing controlled substances, controlled substance audits not reconciled to the record book, and medication cart keys not being secured.
- **Controlled substances not secured during onsite walkthrough** - Two nursing units kept the keys to the controlled substances in an unlocked drawer, one nursing unit had the lock combination on a sticky note on the outside of the cart, and one controlled substance count book was signed before the physical count.
- **Controlled substance waste** - All unused or refused medication must be properly disposed in a locked tamper-proof container referred to as "wasting" with dual signature control. Often these are controlled substances with a half tablet prescribed. The remaining half needs to be properly disposed. In 20 of 180 instances tested, the remaining half tablet did not have dual signatures when disposed. In an additional 13 of the same 180 instances, the remaining half tablet was kept and administered later. Policy states that any remaining half tablet must be disposed of properly with two signatures.
- **Automated medication dispensing system access** - There were 11 former employees out of 124 active users that were still active in the medication dispensing system. None of the login credentials for former employees had been used to access the system after the employee's termination.
- **Children in suspected abuse situations not being contacted timely (Prior audit finding)** - DHHS requires face-to-face contact to be made with suspected victims of child abuse or neglect with 24 hours or up to 14 days depending on the severity of the child abuse report. The department is unable to effectively monitor the face-to-face contact due to incorrect dates being entered into the tracking system. Of 30 assessments tested, 12 had incorrect dates and 25 of the 30 assessments did not have face-to-face contact within the required time. This finding was first discovered and reported in the 2014-15 audit. Human service zone employees are responsible for making the contact and entering the information.

Prior audit findings not fully implemented:

- **Unsupported drug rebate and analysis system receivable balances** - Receivable balances need to be supported by a detailed listing of drug manufacturer accounts. The department is working with the system developer to resolve the issue with historical records and there are several outstanding work orders with the developer. The department continues to work toward getting more accurate data.
- **Inaccurate inventory and storage location of COVID-19 vaccine vials** - Recommended to follow the Centers for Disease Control guidance to reconcile all vaccines in storage monthly, including verifying the

location. The department inventoried the vaccine count on a regular basis but did not consistently reconcile the storage location of the vaccine which is important for temperature and efficacy and expiration.

Agency Fees

As reported to the Legislative Management, pursuant to Section 54-35-27, this agency has 52 fees. The agency recommended the following changes to its fees:

- Increase the amount charged for Medicaid application fees.
- No other recommended fee changes.

Major Related Legislation

House Bill No. 1037 - Provides appropriations of \$750,000 each to the Agriculture Commissioner, Attorney General, Department of Emergency Services, DHHS, and Department of Career and Technical Education for uncrewed aircraft systems, autonomous vehicles, or other autonomous technologies.

House Bill No. 1066 - Provides an increase in the compensation rate paid by DHHS under the senior community service employment program.

House Bill No. 1067 - Changes the age from 18 to 21 to administer Medicaid waivers to provide in-home services to children with extraordinary medical needs and to children diagnosed with an autism spectrum disorder and would otherwise meet institutional level of care.

House Bill No. 1070 - Changes the modified adjusted gross income eligibility limit for the children's health insurance program from 210 to 205 percent of the federal poverty level.

House Bill No. 1119 - Amends early childhood services training and certification requirements.

House Bill No. 1337 - Appropriates \$10 million to DHHS to provide mental health and substance use disorder treatment for incarcerated individuals.

House Bill No. 1433 - Provides an appropriation of \$250,000 for dementia response.

House Bill No. 1451 - Provides for medical assistance coverage, including Medicaid expansion coverage, for the treatment of obesity including anti-obesity medication.

House Bill No. 1460 - Increases the amount of respite care available to adult foster care providers.

House Bill No. 1467 - Provides an appropriation of \$100,000 to establish and administer a system to record and compile reported vaccine adverse event data.

House Bill No. 1468 - Provides an appropriation of \$16 million to provide a behavioral health facility grant.

House Bill No. 1548 - Provides an appropriation of \$10 million to provide a grant to an organization for the construction of a fitness center to benefit the residents of the life skills and transition center.

Senate Bill No. 2029 - Creates the Office of Guardianship and Conservatorship as a division under the Supreme Court and provides an appropriation to defray the expenses of the office.

Senate Bill No. 2033 - Creates a distressed ambulance service program.

Senate Bill No. 2036 - Provides an appropriation of \$4,580,000 from the general fund to administer the fitness to proceed and remediation of juveniles relating to the age of an offender, suspension or dismissal of proceedings, predispositional assessment, and the definition of a child in need of protection.

Senate Bill No. 2096 - Provides for an appropriation for State Hospital facilities and for regional acute psychiatric treatment and residential supportive housing services.

Senate Bill No. 2190 - Provides medical assistance benefits for behavioral analysis to provide coverage for the lifespan of individuals with autism spectrum disorder.

Senate Bill No. 2192 - Provides an appropriation of \$240,000 to reimburse community providers serving individuals with disabilities for the cost of obtaining and maintaining accreditation.

Senate Bill No. 2200 - Provides an appropriation of \$500,000 to establish and implement a 988 crisis hotline program.

Senate Bill No. 2231 - Provides medical assistance benefits for medically necessary dental services.

Senate Bill No. 2271 - Provides an appropriation of \$2.2 million to increase adult residential facility rates.

Senate Bill No. 2305 - Provides an appropriation of \$9 million to establish a family paid caregiver service pilot project.

Senate Bill No. 2306 - Establishes a childcare workforce recruitment and retention program.

NOTE:

Please see the Fiscal Impact Report for additional information regarding bills under consideration, which contain either a state revenue impact, an appropriation, or a state fiscal impact.



Department of Health and Human Services - Budget No. 325
Agency Worksheet - House Bill No. 1012

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	2,483.83	\$2,011,427,547	\$3,541,730,000	\$5,553,157,547
2025-27 Ongoing Funding Changes				
Business Operations total changes	66.15	\$23,772,538	(\$64,218,125)	(\$40,445,587)
Behavioral Health total changes	104.93	59,685,408	10,560,255	70,245,663
Human Services total changes	19.54	92,463,215	120,677,289	213,140,504
Medical Services total changes	11.25	89,777,083	66,968	89,844,051
Public Health total changes	1.65	4,831,802	11,255,514	16,087,316
Total ongoing funding changes	203.52	\$270,530,046	\$78,341,901	\$348,871,947
One-Time Funding Items				
Business Operations one-time funding items			\$10,000,000	\$10,000,000
Behavioral Health one-time funding items			304,972,000	304,972,000
Human Services one-time funding		\$17,472,500	25,412,480	42,884,980
Medical services one-time funding			2,000,000	2,000,000
Public Health one-time funding		151,500	4,325,304	4,476,804
Total one-time funding changes	0.00	\$17,624,000	\$346,709,784	\$364,333,784
Total Changes to Base Level Funding	203.52	\$288,154,046	\$425,051,685	\$713,205,731
2025-27 Total Funding	2,687.35	\$2,299,581,593	\$3,966,781,685	\$6,266,363,278

Federal funds included in other funds

\$3,217,217,463

Total ongoing changes - Percentage of base level

8.2%

13.4%

2.2%

6.3%

Total changes - Percentage of base level

8.2%

14.3%

12.0%

12.8%



Business Operations - 100 - Budget No. 325
Agency Worksheet - House Bill No. 1012

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	114.40	\$74,099,008	\$118,894,310	\$192,993,318
2025-27 Ongoing Funding Changes				
Salary increase		\$1,035,502	\$531,151	\$1,566,653
Health insurance increase		651,154	363,569	1,014,723
Base budget adjustments and transfers		(20,824,370)	(67,265,147)	(88,089,517)
Information Technology Department (ITD) rate increases		5,196,748	2,152,302	7,349,050
IT contractual Inflationary rate increases		20,730,788		20,730,788
Operational underfund restoration		6,950,000		6,950,000
Additional salary funding		9,842,126		9,842,126
Office of Administrative Hearings and Attorney General fee increases		190,590		190,590
FTE position adjustment	66.15			0
Total ongoing funding changes	66.15	\$23,772,538	(\$64,218,125)	(\$40,445,587)
One-Time Funding Items				
Retire mainframe and legacy systems (SIIF)			\$10,000,000	\$10,000,000
Total one-time funding changes	0.00	\$0	\$10,000,000	\$10,000,000
Total Changes to Base Level Funding	66.15	\$23,772,538	(\$54,218,125)	(\$30,445,587)
2025-27 Total Funding	180.55	\$97,871,546	\$64,676,185	\$162,547,731
<i>Federal funds included in other funds</i>			\$58,417,969	
<i>Total ongoing changes - Percentage of base level</i>	57.8%	32.1%	(54.0%)	(21.0%)
<i>Total changes - Percentage of base level</i>	57.8%	32.1%	(45.6%)	(15.8%)



**Behavioral Health - 200 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	1,054.27	\$307,905,408	\$113,955,941	\$421,861,349
2025-27 Ongoing Funding Changes				
Salary increase		\$8,392,306	\$134,924	\$8,527,230
Health insurance increase		6,517,157	114,129	6,631,286
Base budget adjustments and transfers		18,775,729	2,311,202	21,086,931
Cost to continue programs		5,709,106	(5,000,000)	709,106
Opioid settlement			8,000,000	8,000,000
Avel eCare rural crisis support continuation (community health trust fund)			2,000,000	2,000,000
Substance use disorder voucher utilization expansion		2,500,000		2,500,000
Western ND behavioral health staffing salary equity		250,536		250,536
Inflation for vendors crisis residential contract		706,233		706,233
Inflation for vendors addiction residential contract		917,786		917,786
Inflation for vendors recovery/rehab contract		2,154,668		2,154,668
Treatment collaboration for traumatized youth expansion		408,000		408,000
Voluntary treatment program/qualified residential treatment program private custody youth		1,351,997		1,351,997
Youth crisis stabilization pilot		3,000,000	3,000,000	6,000,000
Cost to continue free through recovery and community connect		4,761,081		4,761,081
Expand Community Connect services		1,000,000		1,000,000
Expand free through recovery services		1,000,000		1,000,000
Peer support increase		137,990		137,990
Drug court treatment expansion		200,000		200,000
Provider inflation increase 1.5% and 1.5%		1,902,819		1,902,819
FTE position adjustment	104.93			0
Total ongoing funding changes	104.93	\$59,685,408	\$10,560,255	\$70,245,663
One-Time Funding Items				
Electronic Health Record/Pharmacy system (SIIF)			\$500,000	\$500,000
Retire health record legacy system on mainframe (SIIF)			1,000,000	1,000,000
State hospital network redundancy and speed (SIIF)			500,000	500,000
Develop partial hospitalization/intensive day treatment (community health trust fund)			2,000,000	2,000,000
Bathroom remodel at Southeast Human Service Center			972,000	972,000
Construction of new state hospital - bonding			300,000,000	300,000,000
Total one-time funding changes	0.00	\$0	\$304,972,000	\$304,972,000
Total Changes to Base Level Funding	104.93	\$59,685,408	\$315,532,255	\$375,217,663
2025-27 Total Funding	1,159.20	\$367,590,816	\$429,488,196	\$797,079,012

Federal funds included in other funds

\$82,722,740

Total ongoing changes - Percentage of base level	10.0%	19.4%	9.3%	16.7%
Total changes - Percentage of base level	10.0%	19.4%	276.9%	88.9%



**Human Services - 300 - Budget No. 325
Agency Worksheet - House Bill No. 1012**

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	1,009.16	\$623,450,353	\$1,240,409,529	\$1,863,859,882
2025-27 Ongoing Funding Changes				
Salary increase		\$2,546,488	\$4,704,191	\$7,250,679
Health insurance increase		2,072,787	3,795,116	5,867,903
Base budget adjustments and transfers		10,079,276	94,943,773	105,023,049
DHHS cost to continue		57,330,438	(2,746,684)	54,583,754
Adoption contract increase		4,883,205		4,883,205
Housing assistance to support targeted population - DOJ		300,000		300,000
Services to support transition and diversion from institution - DOJ		2,733,934	2,555,463	5,289,397
Implement host home service DD HCBS waiver		1,689,900	1,689,900	3,379,800
Adult Protective Services coverage contracts		718,522		718,522
Representation supports for families		350,000	350,000	700,000
Provider inflation increase 1.5% and 1.5%		9,758,665	10,382,697	20,141,362
Zone employee increases 3% and 3% and health insurance			5,002,833	5,002,833
FTE position adjustment	19.54			0
Total ongoing funding changes	19.54	\$92,463,215	\$120,677,289	\$213,140,504
One-Time Funding Items				
Retire economic assistance legacy system on mainframe (SIIF)			\$2,000,000	\$2,000,000
Conversion of developmental disabilities eligibility assessment		\$200,000	200,000	400,000
Implement comprehensive vocational rehab technology system			8,000,000	8,000,000
Replace roof at Cedar Grove building at LSTC (SIIF)			712,480	712,480
Best in Class expansion		6,000,000		6,000,000
Childcare grants, resources and shared services		5,000,000		5,000,000
Early childhood quality infrastructure		3,000,000		3,000,000
Maintaining expanded inclusion support for special needs childcare		172,500		172,500
Offer quality rated childcare programs access teaching strategy		100,000		100,000
Quality tiered payments for childcare assistance program		3,000,000		3,000,000
Housing assistance for people at risk of instability (SIIF)			10,000,000	10,000,000
Eviction prevention program (SIIF)			3,500,000	3,500,000
Home renovation incentives for accessibility (SIIF)			1,000,000	1,000,000
Total one-time funding changes	0.00	\$17,472,500	\$25,412,480	\$42,884,980
Total Changes to Base Level Funding	19.54	\$109,935,715	\$146,089,769	\$256,025,484
2025-27 Total Funding	1,028.70	\$733,386,068	\$1,386,499,298	\$2,119,885,366

Federal funds included in other funds

\$1,097,401,927

Total ongoing changes - Percentage of base level	1.9%	14.8%	9.7%	11.4%
Total changes - Percentage of base level	1.9%	17.6%	11.8%	13.7%



Medical Services - 400 - Budget No. 325
Agency Worksheet - House Bill No. 1012

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	90.50	\$958,216,598	\$1,818,029,530	\$2,776,246,128
2025-27 Ongoing Funding Changes				
Salary increase		\$338,151	\$479,188	\$817,339
Health insurance increase		233,619	342,896	576,515
Base budget adjustments and transfers		(27,664,897)	60,415,798	32,750,901
DHHS cost to continue		71,253,662	(118,383,672)	(47,130,010)
HCBS cost to continue		36,977,113	27,837,811	64,814,924
DD bed assessment adjustment			7,209,580	7,209,580
Value based purchasing Medicaid		1,000,000	1,000,000	2,000,000
Home health targeted rate increase		1,235,768	1,235,768	2,471,536
Qualified service provider target rate increase		3,595,104	1,797,552	5,392,656
HCBS cross disability waiver		2,474,226	2,474,226	4,948,452
Rebase Medicaid rates for ambulance service		2,189,770	2,189,770	4,379,540
Provider inflation increases 1.5% and 1.5%		10,244,567	11,368,051	21,612,618
FMAP percentage change 50.0% to 50.99%		(12,100,000)	2,100,000	(10,000,000)
FTE position adjustment	11.25			0
Total ongoing funding changes	11.25	\$89,777,083	\$66,968	\$89,844,051
One-Time Funding Items				
Retire Medicaid legacy system on mainframe (SIIF)			\$2,000,000	\$2,000,000
Total one-time funding changes	0.00	\$0	\$2,000,000	\$2,000,000
Total Changes to Base Level Funding	11.25	\$89,777,083	\$2,066,968	\$91,844,051
2025-27 Total Funding	101.75	\$1,047,993,681	\$1,820,096,498	\$2,868,090,179

Federal funds included in other funds

\$1,758,622,379

Total ongoing changes - Percentage of base level	12.4%	9.4%	0.0%	3.2%
Total changes - Percentage of base level	12.4%	9.4%	0.1%	3.3%



Public Health - 500 - Budget No. 325
Agency Worksheet - House Bill No. 1012

	Armstrong Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	215.50	\$47,756,180	\$250,440,690	\$298,196,870
2025-27 Ongoing Funding Changes				
Salary increase		\$1,714,252		\$1,714,252
Health insurance increase		1,183,357		1,183,357
Base budget adjustments and transfers		(699,961)	\$3,120,555	2,420,594
Adds funding to replace the 2023-25 new FTE pool		65,094	50,008	115,102
Adds funding to replace the 2023-25 vacant FTE pool		569,060	1,754,865	2,323,925
Expansion for domestic and sexual violence prevention (community health trust fund)			2,250,000	2,250,000
Maternal and child health programs enhancement		2,000,000		2,000,000
Coordinated purchasing to support immunization access			2,213,930	2,213,930
Forensic pathology contract with UND			1,866,156	1,866,156
FTE position adjustment	1.65			
Total ongoing funding changes	1.65	\$4,831,802	\$11,255,514	\$16,087,316
One-Time Funding Items				
Nonfatal toxicology testing equipment		\$151,500	\$100,000	\$251,500
Public health laboratory transition (SIIF)			2,962,304	2,962,304
Forensic examiner electronic records system			278,000	278,000
Food and lodging management information system			335,000	335,000
Health facilities and EMS licensure management system			650,000	650,000
Total one-time funding changes	0.00	\$151,500	\$4,325,304	\$4,476,804
Total Changes to Base Level Funding	1.65	\$4,983,302	\$15,580,818	\$20,564,120
2025-27 Total Funding	217.15	\$52,739,482	\$266,021,508	\$318,760,990

Federal funds included in other funds

\$220,052,448

Total ongoing changes - Percentage of base level

0.8%

10.1%

4.5%

5.4%

Total changes - Percentage of base level

0.8%

10.4%

6.2%

6.9%