BUDGET BASICS

PREPARED BY THE NORTH DAKOTA LEGISLATIVE COUNCIL

Part 8 | November 2026

DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Department of Human Services (DHS) merged with the State Department of Health in September 2022 to create the Department of Health and Human Services (DHHS) pursuant to the provisions of House Bill 1247 (2021). The Department of Health and Human Services administers several programs that aid individuals. The department provides in-person services through eight regional behavioral health clinics, the State Hospital, and the Life Skills and Transition Center (LSTC).

DEPARTMENT BUDGET

Legislative Appropriations

Below is an overview of legislative appropriations for DHHS since the 2015-17 biennium.

Biennium	(Amounts Shown in Millions)			
	General Fund	Federal Funds	Special Funds	Total
2015-17[1]	$1,281.6	$2,142.0	$122.5	$3,546.1
2017-19[1]	$1,339.2	$2,228.3	$345.6	$3,913.1
2019-21[1]	$1,462.6	$2,645.4	$368.8	$4,476.8
2021-23[1]	$1,579.0	$2,978.7	$368.6	$4,926.3
2023-25	$2,051.1	$3,414.5	$294.4	$5,760.0
2025-27	$2,227.8	$3,526.7	$461.4	$6,215.9

[1]Includes only the DHS portion of DHHS

Major Budget and Program Areas

Major budget and program areas of the department include:

Area	Major Programs and Purposes
Enterprise strategy and support	Includes executive office, communications, finance, human resources, legal, vital records, internal audit, data and performance metrics, and information technology costs.
Economic security and family support	This section includes Medicaid, economic assistance, disability determination services, children and family services, early childhood, child support, and human service zone operations.
Citizen health	This section includes the following: • Aging Services • Long term care • Development disabilities and the Developmental Disabilities Council • Behavioral health policy • Disease control and forensic pathology • Healthy and safe communities • Health response and licensure • Laboratory services
State Hospital	Includes all funding related to the State Hospital in Jamestown.
LSTC	Includes all funding related to the LSTC in Grafton.
Clinics and adolescent center	Includes the regional behavioral health clinics and the Ruth Meiers Adolescent Center in Grand Forks.
Rural Health Transformation Program	Includes all funding related to the federally funded Rural Health Transformation Program.

MEDICAID PROGRAM

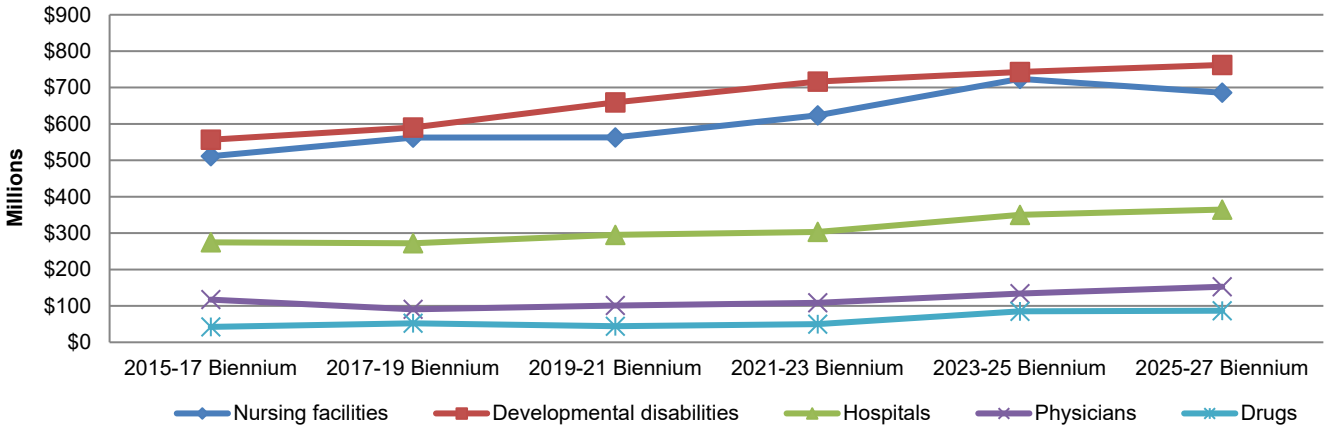
The Medicaid Program provides health coverage to qualifying individuals, including families and children with low incomes, older adults, and people with disabilities. During state fiscal year 2026, over 90,000 North Dakotans received assistance through either the traditional Medicaid Program, Medicaid Expansion Program, or Children's Health Insurance Program (CHIP).

Federal Medical Assistance Percentage

The federal medical assistance percentage (FMAP) is the rate used to determine matching funds required by states for the Medicaid Program. An FMAP is determined by comparing each state's 3-year average per capita income to the national 3-year average per capita income. The minimum FMAP a state may receive is 50 percent. For federal fiscal year 2027 (October 2026 through September 2027), North Dakota's FMAP rate is 52.91 percent, meaning the federal government pays 52.91 percent of Medicaid expenditures. Certain medical assistance programs, including the Medicaid Expansion Program and CHIP, use an enhanced FMAP rate, which is 90 percent for the Medicaid Expansion Program and 67.04 percent for CHIP for federal fiscal year 2027.

Major Medicaid Costs

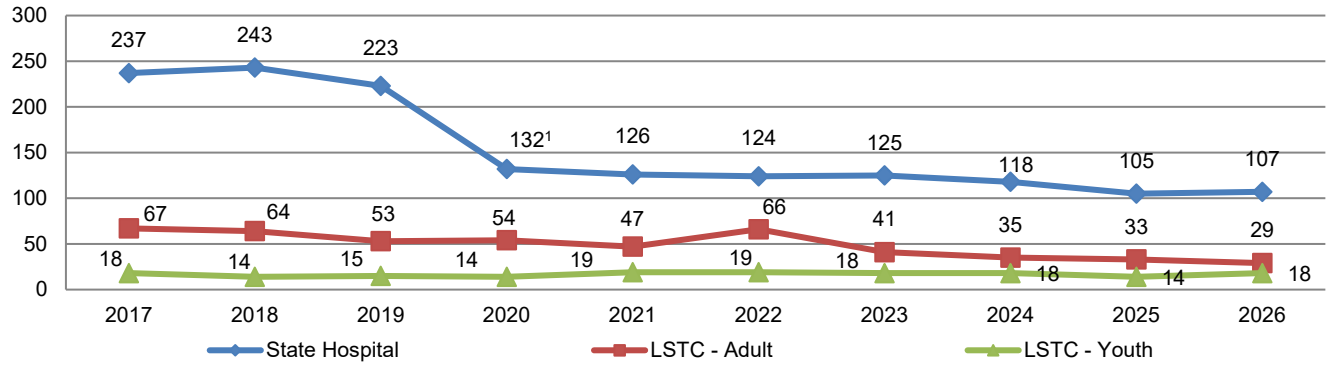
The chart below summarizes funding for major Medicaid costs since the 2015-17 biennium.



STATE HOSPITAL AND LIFE SKILLS AND TRANSITION CENTER

The Department of Health and Human Services operates the State Hospital in Jamestown and the LSTC in Grafton. The State Hospital provides inpatient mental health and addiction treatment services. The LSTC provides residential and other services to individuals with an intellectual disability.

The schedule below details the average daily census of the State Hospital and the LSTC.



[1]Effective July 1, 2019, a total of 60 beds for the Tompkins Rehabilitation and Corrections Center were transferred to the Department of Corrections and Rehabilitation.

COUNTY SOCIAL AND HUMAN SERVICES PROGRAM

Senate Bill 2124 (2019) provided for the delivery of social services from human service zones rather than counties. The bill authorized the transfer of 140 employees from counties to DHS. The human service zones' local offices in the counties (formerly known as county social service offices) assist individuals in need of services and supports under the Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families Program, heating assistance, Medicaid, including children's health services; 1915(i) home- and community-based services; basic care assistance; child care assistance; child welfare (foster care, child protection services); and other local resources and programs.

The county social and human service project provides for state funding to be distributed to human service zones for the delivery of human services programs previously paid through county property tax levies. The schedule below provides the funding for the 2025-27 biennium.

	2025-27 Biennium[1]
General Fund	$0
Other funds[2]	242,862,030
Total	$242,862,030
Full-time equivalent (FTE) positions	164.50

[1]Includes funding and FTE positions that were transferred to the FTE Block Grant Funding Program as DHHS employees.
[2]Other funds include transfers from the Social Services Fund. The fund receives a share of oil and gas tax collections.

FEDERAL RURAL HEALTH TRANSFORMATION PROGRAM

The federal "One Big Beautiful Bill Act," approved by Congress in July 2025, created the Rural Health Transformation Program to improve health care access, quality, and outcomes in rural areas of the United States. The program provides $50 billion to states during the 5-year period beginning in federal fiscal year 2026 and ending in federal fiscal year 2030.

The Department of Health and Human Services was responsible for submitting North Dakota's application for the federal funding. The following major initiative areas were included in the department's grant application, including the percentage of the total grant award to be allocated to each initiative area and components included in each initiative:

Initiative	Percent of Total Budget	Components
Bring high-quality care closer to home	58.4%	Coordinating and connecting care, ensuring transportation, ensuring safety net service delivery, providing clinics without walls, sustaining revenue, and right-sizing rural care.
Connect technology, data, and providers	16.8%	Supporting consumer-focused applications, harnessing new technology, purchasing cooperative technology and infrastructure, and breaking data barriers.
Strengthen and stabilize rural health workforce	16.2%	Training for existing workforce, developing technology as an extender, improving retention, and expanding rural training opportunities.
Make North Dakota healthy again	8.6%	Investing in value, building connections and resiliency, and establishing a North Dakota Moves Together Program and an Eat Well North Dakota Program.

On December 29, 2025, the state received notification that it was awarded $198.9 million of funds to use for initiatives during federal fiscal year 2026. The state was required to obligate the funds by October 31, 2026, and spend the funds by September 30, 2027. Any funds not obligated or spent by the deadlines revert to the federal government.

During the January 2026 special session, the Legislative Assembly appropriated $397.9 million to DHHS for the estimated federal grant funds to be received in federal fiscal years 2026 and 2027. The department has obligated all the funds for year 1 by October 31, 2026, as required. It is anticipated the federal Centers for Medicare and Medicaid Services will notify the state of its year 2 award amount by December 1, 2026.

The next topic in the Budget Basics Series will review the Department of Corrections and Rehabilitation.