

**State Department of Health
Budget 301
House Bill No. 1004**

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriation (original)	365.00	\$51,521,680 ¹	\$144,170,964	\$195,692,644
2013-15 legislative appropriation	<u>354.00</u>	<u>46,722,408²</u>	<u>139,568,434</u>	<u>186,290,842</u>
2015-17 appropriation increase (decrease) to 2013-15 appropriation	11.00	\$4,799,272	\$4,602,530	\$9,401,802
2015-17 general fund budget allotment (4.05 percent)	<u>0.00</u>	<u>(\$2,086,628)</u>	<u>\$0</u>	<u>(\$2,086,628)</u>
Adjusted 2015-17 appropriation after budget allotment	365.00	\$49,435,052	\$144,170,964	\$193,606,016

¹The original legislative appropriation amount includes \$336,000 of one-time funding from the general fund. Excluding this amount, the agency's original ongoing general fund appropriation is \$51,185,680.

²This amount includes 2013-15 biennium deficiency appropriations from the general fund totaling \$720,900 for a shortfall in the local public health vaccine purchasing program (\$470,900) and for additional costs associated with current or pending legal actions with the United States Environmental Protection Agency (\$250,000).

NOTE: The 2015-17 legislative appropriation amounts do not include \$724,558 from the general fund for the agency's share of the \$4.49 million targeted market equity funding pool appropriated to the Office of Management and Budget for targeted market equity adjustments for employees in certain agencies.

Item Description

General fund budget allotment - In February 2016 the Governor ordered a 4.05 percent general fund budget allotment for state agencies.

Status/Result

The budget allotment reduced general fund appropriations for the State Department of Health by \$2,086,628. The department has reduced the salaries and wages line item by \$213,982, the operating expenses line item by \$1,687,646, and the grants line item by \$185,000. General fund salary savings will result from staff turnover and additional collections and reimbursements available to pay salaries. General fund savings in the operating expenses line item will result from discontinuing the universal vaccine program, limiting out-of-state travel, other operating expense reductions, and the availability of additional federal funds to pay operating expenses. General fund savings in the grants line item will result from year one grant contract rollup and from the health care professional loan repayment program.

FTE changes - The Legislative Assembly authorized 11 new FTE positions for a total of 365 FTE positions during the 2015-17 biennium. The following table summarizes FTE positions added by the Legislative Assembly:

The following table provides a summary of the new FTE positions and the dates the positions were filled:

Position	Legislative FTE Changes
Food and lodging inspector	1.00
Air quality environmental scientist II	3.00
Municipal facilities environmental engineer II	2.00
Waste management environmental scientist II	2.00
Water quality environmental scientist II	2.00
Water quality environmental scientist administrator I	1.00
Total	11.00

Position	New FTE Positions	Date Filled
Food and lodging inspector	1.00	September 2015
Air quality environmental scientist II	3.00 ¹	July 2015 (1), October 2015 (2) ¹
Municipal facilities environmental engineer II	2.00	September 2015, October 2015
Waste management environmental scientist II	2.00	August 2015, September 2015
Water quality environmental scientist II	2.00	September 2015
Water quality environmental scientist administrator I	1.00	August 2015
Total	11.00	

¹ FTE position was filled with an electronics technician II in October 2015.

Targeted market equity pool - In Section 4 of 2015 Senate Bill No. 2015, the Legislative Assembly provided \$3.75 million from the general fund and \$740,000 from other funds for a targeted market equity pool. The Office of Management and Budget must prepare a statewide plan that gives priority to employees whose salary is in the first or second quartile of their assigned salary range and to employees whose salary is below the average classified state employee salary level. One-half of the funding is available for market equity adjustments in July 2015 and the remaining amount is available in July 2016. The market equity adjustments must be provided after any general compensation increase authorized by the 64th Legislative Assembly. Employees of the Adjutant General, Veterans' Home, State Department of Health, Department of Human Services, and the Protection and Advocacy Project are eligible for market equity adjustments. Employees whose documented performance levels do not meet standards are not eligible for the market equity increases. The appropriation authority must be transferred from the targeted market equity salary pool line item to the eligible agencies for approved market equity salary adjustments. The Office of Management and Budget is required to report to the Legislative Management regarding its statewide plan and any appropriation authority transferred from the pool.

One-time funding - In Section 2 of 2015 House Bill No. 1004, the Legislative Assembly identified \$2,536,110, of which \$336,000 is from the general fund, as one-time funding for the 2015-17 biennium for the State Department of Health. The Legislative Assembly provided one-time funding from the general fund for digital x-ray equipment for the forensic examiner (\$44,000) and for equipment related to the 3 new air quality FTE positions and laboratory equipment (\$292,000). The Legislative Assembly provided one-time funding from other funds for equipment (\$488,000) and for the Woman, Infants, and Children system upgrade (\$1,712,110).

The State Department of Health will receive transfers from the market equity pool totaling \$724,558 from the general fund. The department provided targeted market increases of at least 3 percent to positions experiencing compression issues and classifications lagging more than 8 percent behind the state average. For classifications lagging more than 12 percent behind the state average, the increase was 4 percent. The department turnover rate for fiscal year 2015 was 10 percent.

The State Department of Health purchased the digital x-ray equipment in October 2015 for \$51,500. A request for proposal for the lab equipment closed in March 2016 and the evaluation committee will review the proposals in April 2016. Air monitoring equipment has not yet been purchased. Due to the delay in the management information system upgrade, the Women, Infants, and Children system upgrade is also delayed. No money has been spent to date and the project will not be completed during the 2015-17 biennium.

Emergency medical services funding - The Legislative Assembly provided a total of \$8.44 million, of which \$7.19 million is from the general fund, and \$1.25 million is from the insurance tax distribution fund, for rural emergency medical services (EMS) grants. Funding is provided for training grants (\$940,000) and rural EMS grants (\$7.5 million). Section 6 of 2015 House Bill No. 1004 provides that, of the \$7.5 million provided for rural EMS grants, at least 85 percent be distributed to EMS providers that do not receive oil impact grant funding. In addition, 2015 House Bill No. 1176 provided \$6 million from the oil and gas impact grant fund for grants to EMS providers for expenditures that would mitigate negative effects of oil- and gas-related development on EMS providers in oil-producing counties.

Tobacco prevention and control funding - The Legislative Assembly, in House Bill No. 1004, provided a total tobacco prevention and control appropriation of \$6,910,177, of which \$3,440,864 is from the community health trust fund, \$2,969,313 is from federal funds, and \$500,000 is from a grant provided by the Tobacco Prevention and Control Advisory Committee from the tobacco prevention and control trust fund to be used for the Centers for Disease Control and Prevention is *Best Practices for Comprehensive Tobacco Prevention and Control Programs*. Funding from the community health trust fund is used for community health tobacco programs, the Tobacco Quitline, and a tobacco prevention coordinator. Because the State Department of Health anticipates reductions in federal funding available for tobacco prevention and control, the Legislative Assembly increased 2015-17 biennium authority for the Tobacco Prevention and Control Executive Committee and the State Department of Health to provide for a \$500,000 grant from the tobacco prevention and control trust fund to the State Department of Health. In addition, the Legislative Assembly provided funding of \$16,548,039 from the tobacco prevention and control trust fund to the Tobacco Prevention and Control Executive Committee, which includes the \$500,000 provided as a grant from the Tobacco Prevention and Control Advisory Committee to the State Department of Health. Section 2 of 2015 House Bill No. 1024 requires the Tobacco Prevention and Control Executive Committee and the State Department of Health to report to the Legislative Management by September 1, 2016, regarding grant expenditures, the granting process, and reporting requirements of the \$500,000 grant provided to the State Department of Health during the 2015-17 biennium.

The State Department of Health awarded EMS grants totaling \$3.75 million during the first year of the 2015-17 biennium. Funding was divided between EMS providers in non-oil-producing counties (85 percent) and EMS providers in oil-producing counties (15 percent). Grant applications were reviewed and funding was awarded based on points. Grants in non-oil-producing counties totaled \$3,188,942, compared to \$6,200,000 in grant requests. Grants in oil-producing counties totaled \$561,058, compared to \$3.3 million in grant requests.

In July 2015 the Department of Trust Lands Energy Infrastructure and Impact Office awarded EMS grants totaling \$3.7 million from the oil and gas impact grant fund to EMS systems in energy-impacted areas. However, oil and gas tax revenue has been significantly less than estimated and actual grant awards and future grant rounds will depend on funding available in the oil and gas impact grant fund.

The Tobacco Prevention and Control Executive Committee and the State Department of Health signed a notice of grant award in August 2015 for the entire \$500,000 grant to be used during fiscal year 2016. The department provides quarterly reports to the Tobacco Prevention and Control Executive Committee. Through March 2016 the department has expended \$340,586 related to the grant. Eligible expenditures relate to broadcast media promoting the Tobacco Quitline. The Tobacco Prevention and Control Executive Committee and the department anticipate reporting to the Health Services Committee regarding grant expenditures, the granting process, and reporting requirements of the \$500,000 grant in July 2016.

Local public health unit funding - The Legislative Assembly provided a total of \$4.25 million from the general fund for grants to local public health units. Section 5 of House Bill No. 1004 provided that, of the \$4.25 million provided for grants to local public health units, \$250,000 from the general fund be made available for grants to local public health units serving non-oil-producing counties in the state during the 2015-17 biennium. In addition, House Bill No. 1176 provided \$2 million from the oil and gas impact grant fund for grants to local district health units that are located in oil-producing counties to address the effects of oil- and gas-related development activities.

Autopsy services contract funding - The Legislative Assembly provided \$480,000 from the general fund to contract with the University of North Dakota School of Medicine and Health Sciences to perform autopsies in the eastern part of the state, the same as the 2013-15 biennium appropriation. In addition, \$160,000 from the general fund was added to the budget of the University of North Dakota School of Medicine and Health Sciences for Department of Pathology services to provide a total of \$640,000 from the general fund, \$160,000 more than the 2013-15 biennium.

The State Department of Health distributes grant funding to local public health units on a quarterly basis. The department anticipates providing the total funding of \$4.25 million as follows:

- Non-oil-producing counties - \$250,000
 - \$125,000 - Base allotment of \$5,000 per county to 25 counties.
 - \$125,000 - Balance to be distributed based on 2014 population estimates of non-oil-producing counties.
- Remaining available to all counties - \$4,000,000
 - \$318,000 - Base allotment of \$6,000 per county to 53 counties.
 - \$600,000 - Funding of \$75,000 to each of the eight regions.
 - \$3,082,000 - Balance to be distributed based on 2014 population estimates of each county.

In October 2015 the Department of Trust Lands Energy Infrastructure and Impact Office awarded infrastructure grants totaling \$2 million from the oil and gas impact grant fund to the Southwestern District Health Unit in Dickinson (\$967,800), Upper Missouri District Health Unit (\$542,700), and First District Health Unit in Minot (\$489,500). However, oil and gas tax revenue has been significantly less than estimated and actual grant awards will depend on funding available in the oil and gas impact grant fund.

In October 2015 the State Department of Health contracted with the University of North Dakota School of Medicine and Health Sciences to perform autopsies in the eastern part of the state during the 2015-17 biennium. The contract provides for the University of North Dakota School of Medicine and Health Sciences to serve 21 counties in eastern North Dakota from July 1, 2015, through June 30, 2017.

The contract acknowledges that, in addition to the \$480,000 provided by the State Department of Health, \$160,000 was appropriated directly to the University of North Dakota School of Medicine and Health Sciences to offset the cost of forensic pathology services to the counties included in the contract. In addition, the contract indicates the State Department of Health and the University of North Dakota School of Medicine and Health Sciences will jointly prepare 2017-19 biennium budgets for autopsy services with the goal of structuring budgets to produce funding based on the population served by the two offices.

The contract provides for the University of North Dakota School of Medicine and Health Sciences to bill the department \$60,000 each quarter during the 2015-17 biennium, regardless of the number of autopsies performed. The contract also provides that the charge for coverage of additional counties, due to department workload or vacation, remain at \$2,000 per case. Through March 2016 the State Department of Health has paid \$120,000 under the contract for services in the eastern part of the state for services through December 2015 and \$30,000 for backup services when the State Forensic Examiner is not available.

During the period from July 1, 2015, through March 31, 2016, the University of North Dakota School of Medicine and Health Sciences performed 159 autopsies. Autopsies performed by the State Department of Health during the same period totaled 180.

Medicolegal death investigation and University of North Dakota Forensic Pathology Center studies - House Concurrent Resolution No. 3004 (2015) provides the Legislative Management continue to study medicolegal death investigation in the state and how current best practices, including authorization, reporting, training, certification, and the use of information technology and toxicology, can improve death investigation systems in the state. In addition, the Legislative Assembly, in Section 7 of House Bill No. 1004, provided for a Legislative Management study of the feasibility and desirability of the University of North Dakota acquiring the building that houses the University of North Dakota Forensic Pathology Center.

The study of medicolegal death investigation in the state and the study of the feasibility and desirability of the University of North Dakota acquiring the building that houses the University of North Dakota Forensic Pathology Center have been assigned to the interim Health Services Committee. The committee has received information regarding trends in the number of autopsies performed in the state, professionals serving as county coroners across the state, responsibilities of the State Forensic Examiner and local coroners, and updates regarding the work of a stakeholder group formed to provide recommendations relating to the development of a system approach to death investigation. The Health Services Committee has also received information regarding the University of North Dakota Forensic Pathology Center building located in Grand Forks, including cost of construction, lease payments, and insured value. The outcomes of the studies are not yet known.

Mammography results - The Legislative Assembly, in 2015 House Bill No. 1370, created a new statutory section relating to mammogram result notices and required the State Department of Health to notify all registered owners of mammography equipment of the changes included in the legislation.

The State Department of Health notified 36 mammography facilities in writing in July 2015. The North Dakota Board of Medicine, State Board of Nursing, North Dakota Medical Association, and the North Dakota Nurses Association were notified via electronic communication and encouraged to include the information in their respective publications.

Licensing commercial oilfield special waste recyclers - The Legislative Assembly, in 2015 House Bill No. 1390, required the State Department of Health to select at least one commercial oilfield special waste recycling facility for a pilot project to assist the department in the development of standards for recycling oilfield waste. The bill requires commercial oilfield special waste recycling facilities permitted after June 30, 2017, obtain a solid waste permit from the department and authorizes inspections of commercial oilfield special waste recycling facilities.

In May 2015 the State Department of Health issued a request for proposal to 18 companies expressing interest in recycling oilfield materials. The request for proposal was also posted on the Environmental Health Division's public notice webpage and sent to those on the department's public notice email list. The department received and accepted seven applications.

The department requested pilot projects be in place by fall 2015. Because of the downturn in oil activity, only one company started its project in 2015. The remaining companies are still considering whether or not to continue. Some companies have indicated their projects are on hold until oil prices increase. Therefore, unless oil activity increases, the department may need additional time to develop guidelines and recommendations for recycling oilfield waste.

Dental loan repayment program - The Legislative Assembly, in 2015 Senate Bill No. 2205, amended North Dakota Century Code Chapter 43-28.1 related to the dental loan repayment program to remove the maximum number of dentists that may receive a loan and to provide the State Health Council select dentists who will provide services in areas of defined need, including populated areas where there are public health needs. The dentists are eligible to receive funds, not to exceed a total of \$100,000 per applicant, for the repayment of their educational loans. The funds are payable over a 5-year period (\$20,000 per year). The 2015 Legislative Assembly provided a total of \$540,000, of which \$180,000 is from the general fund and \$360,000 is from the student loan trust fund, for the dentists' loan repayment program during the 2015-17 biennium. The 2015-17 legislative appropriations also include \$180,000 from the general fund for the loan repayment program for dentists who practice in a public health setting or a nonprofit dental clinic that uses a sliding fee schedule to bill patients. This funding is in addition to \$540,000 provided for the dental loan repayment program. Senate Bill No. 2205 repealed Section 43-28.1-01.1 related to the loan repayment program for dentists in public health and nonprofit dental clinics and the \$180,000 from the general fund is available for the dental loan repayment program, as amended in Senate Bill No. 2205. Total funding available for the combined dental loan repayment program based on defined need is \$720,000, of which \$360,000 is from the general fund and \$360,000 is from the student loan trust fund.

Student loan repayment programs for health care professionals - The Legislative Assembly, in 2015 House Bill No. 1396, created a new statutory section to provide a student loan repayment program for health care professionals including physicians, clinical psychologists, advanced practice registered nurses or physician assistants, and behavioral health professionals. In addition, the Legislative Assembly repealed Chapters 43-12.2 and 43-17.2, related to medical personnel and physician loan repayment programs. In House Bill No. 1004, the Legislative Assembly provided \$698,800 from the general fund for loan repayment contracts in the four categories of health care professionals.

The State Department of Health anticipates funding provided from the student loan trust fund (\$360,000) will support existing dental loan repayment contracts and funding provided from the general fund (\$360,000) will fund additional contracts during the 2015-17 biennium. In the first year of the biennium, funding provided from the general fund will be used to add three dentists under the new program (\$120,000) and one nonprofit dentist (\$60,000). The department received one nonprofit applicant prior to the implementation of the loan program based on areas of defined need. Funding in the second year of the biennium is adequate for nine dentists under the new program (\$180,000); however, the department only received eight qualified applicants which were funded.

Loan repayment applications are evaluated each April. Applications approved for funding in the first year of the biennium were accepted in April 2015 and will fund physicians and mid-level providers. House Bill No. 1396 became effective August 1, 2015, making the provisions of the expanded loan repayment program effective for applications received in April 2016.

The department anticipates \$181,300 will be needed to support existing contracts, leaving a balance of \$517,500 available for additional contracts during the 2015-17 biennium. In the first year of the biennium, the State Health Council approved, and the State Department of Health funded, four physician and five mid-level practitioner contracts through the health care professional loan repayment program. Two physician slots were not filled in the first year and will contribute to allotment savings. In the second year of the biennium, under the expanded health care professional loan repayment program, the State Health Council approved, and the State Department of Health funded, five physician, four mid-level provider, one clinical psychologist, and eleven behavioral health professional contracts.

Evaluation of state programs to assist health professionals - The Legislative Assembly, in 2015 House Bill No. 1036, required the State Department of Health to evaluate state programs to assist health professionals, including behavioral health professionals, with a focus on state loan repayment programs and to provide reports to the Legislative Management.

Universal vaccine program - The Legislative Assembly, in House Bill No. 1004, increased funding for the universal vaccine program by \$576,853 to provide a total of \$3,076,853 from the general fund.

Environmental Protection Agency lawsuit - The Legislative Assembly provided \$500,000 from the general fund for costs related to the Environmental Protection Agency lawsuit.

The State Department of Health presented the findings of an evaluation of health professional assistance programs, including dental and health care professionals, to the interim Health Services Committee in April 2016. The department's evaluation indicated available health care and dental professional loan repayment positions in underserved communities are filled each year; 89.5 percent of program participants fulfilled their contracts; and while the number of years and percentages varied significantly among professions, the overall average of participants remaining in an underserved area after their contract was fulfilled was 61.6 percent.

The Legislative Assembly directed the State Department of Health to reduce general fund spending for operating expenses agencywide by \$300,000 during the 2015-17 biennium. To meet this directive, the State Department of Health reduced funding for the universal vaccine program by \$100,000, leaving a budget of \$2,976,853 from the general fund for the 2015-17 biennium. To meet the 4.05 percent general fund budget allotment and due to the availability of federal vaccines, Medicaid, and expanded insurance coverage, the department has further reduced universal vaccine program funding by \$1,600,000. Remaining funding of \$1,376,853 is available to provide universal vaccine services through the first year of the 2015-17 biennium. The department will discontinue the universal vaccine program effective July 1, 2016.

Through March 2016 the State Department of Health has expended \$352,159 related to the Environmental Protection Agency lawsuit. The department anticipates spending the entire \$500,000 appropriation during the 2015-17 biennium and may need to request a deficiency appropriation from the 2017 Legislative Assembly if the lawsuit continues to the Supreme Court.