

**Department of Human Services
Budget No. 325
House Bill Nos. 1003, 1012, 1395, 1505, 1506; Senate Bill No. 2345**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	2,265.33	\$1,579,020,870 ¹	\$3,347,325,252	\$4,926,346,122
2019-21 legislative appropriation	<u>2,230.23</u>	<u>1,462,663,487</u>	<u>3,014,134,306</u>	<u>4,476,797,793</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	35.10	\$116,357,383	\$333,190,946	\$449,548,329

¹This amount includes \$24,233,216 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$1,554,787,654.

Item Description

Department of Human Services and State Department of Health merger - The Legislative Assembly, in House Bill No. 1247 (2021), provided for the merger of the State Department of Health and the Department of Human Services (DHS) to create the Department of Health and Human Services. In House Bill No. 1247, the Legislative Assembly provided legislative intent that, effective September 1, 2022, the State Department of Health merge into DHS and both agencies be called the Department of Health and Human Services and that, effective September 1, 2022, the State Department of Health, including the State Health Officer, be under the authority of the Executive Director of DHS who will be the Executive Director of the Department of Health and Human Services.

One-time funding - The following is a summary of one-time funding items for DHS for the 2021-23 biennium:

	General Fund	Other Funds	Total
Medicaid Management Information System (MMIS) upgrade	\$4,326,686	\$30,673,314	\$35,000,000
MMIS technology stack upgrade	600,000	1,800,000	2,400,000
Child welfare technology project	15,000,000	15,000,000	30,000,000
Data automation project	98,186	98,186	196,372
Quality measures services initiative	11,344	34,031	45,375
Senior nutrition services (federal coronavirus relief funds)		2,457,638	2,457,638
Community behavioral health program (federal coronavirus relief funds)		1,750,000	1,750,000
Nursing facility payment methodology change	3,348,000	3,852,000	7,200,000
Developmental disabilities provider stabilization grants	125,000		125,000
Southeast Human Service Center projects	724,000		724,000

Status/Result

The Department of Human Services has reported:

- The new organizational structure for the Department of Health and Human Services will include divisions for public health, medical services, behavioral health, human services, and administrative functions.
- The integration of the departments will become effective on September 1, 2022.
- DHS has contracted with Deloitte Consulting to provide consulting services for the merger.

The status of selected one-time items are as follows:

- Information technology projects - The first phase of the MMIS upgrade is in the planning phase with estimated completion in August 2023. The upgrade will consist of six phases. The MMIS tech stack upgrade project is tentatively scheduled to begin in the fall of 2022. The child welfare technology project is in the planning and design phase.
- Nursing facility payment methodology change - A portion of the funding was utilized in January 2022 due to changes in the direct care reimbursement of nursing facilities. The remaining funding will be utilized in January 2023 when property rates will be adjusted.
- Developmental disabilities provider stabilization grants - The grants have been issued to providers.
- Federal COVID-19 funding - Through March 2022, DHS has expended \$49 million of federal COVID-19 relief funds.

COVID-19 federal funding authority (House Bill No. 1395)		241,689,840	241,689,840
Salaries paid from federal Coronavirus Relief Fund (House Bill No. 1505)		4,400,000	4,400,000
Temporary increase in federal medical assistance percentage (FMAP) (House Bill No. 1506)		79,600,000	79,600,000
Supplemental nutrition assistance program verification database (House Bill No. 1506)		239,558	239,558
One-time funds to be received by the State Hospital (House Bill No. 1506)		200,000	200,000
Federal state fiscal recovery funds (Senate Bill No. 2345)		58,350,000	58,350,000
Total	\$24,233,216	\$440,144,567	\$464,377,783

Federal medical assistance percentage - The Legislative Assembly anticipated the following FMAPs in developing DHS's 2021-23 biennium budget:

Federal Fiscal Year	North Dakota's FMAP
2021	52.40% (actual)
2022	53.50% (estimate)
2023	53.50% (estimate)

The FMAP determines the state and federal share of Medicaid, foster care, and other program costs within DHS.

Medicaid funding - The Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2022, through the end of the federal COVID-19 public health emergency. Section 7 of House Bill No. 1012 provides DHS may not expend any general fund savings resulting from the enhanced FMAP.

Medicaid eligibles - Medicaid eligibles include individuals that qualify through the medical assistance program, Medicaid Expansion project, or the long-term care continuum.

Actual FMAPs since 2016 are:

Federal Fiscal Year	North Dakota's FMAP	COVID-19 Temporary FMAP ¹
2016	50.00% (actual)	N/A
2017	50.00% (actual)	N/A
2018	50.00% (actual)	N/A
2019	50.00% (actual)	N/A
2020	50.05% (actual)	56.25% (actual)
2021	52.40% (actual)	58.60% (actual)
2022	53.59% (actual)	59.79% (actual)
2023	51.55% (actual)	57.75% (actual)

¹The federal Families First Coronavirus Response Act temporarily increases the FMAP by 6.2 percent effective January 1, 2020, through the last day of the calendar quarter in which the COVID-19 public health emergency declared by the secretary of the federal Department of Health and Human Services terminates. The public health emergency is anticipated to end in December 2022.

During the November 2021 special legislative session, DHS reported the 2021-23 biennium Medicaid budget was based on an estimated FMAP rate of 53.50 percent from October 1, 2022, through September 30, 2023. However, the actual FMAP rate for the time period is 51.55 percent. Section 5 of House Bill No. 1506 authorizes DHS to utilize \$16 million of general fund savings resulting from the enhanced FMAP for general fund costs resulting from the regular FMAP rates being lower than estimated.

As of December 2021, approximately 120,000 individuals qualified to receive Medicaid benefits. This compares to approximately 80,000 individuals who qualified to receive Medicaid benefits in December 2019. The Families First Coronavirus Response Act passed by Congress in March 2020 provided an increase in the FMAP but also required states to continue coverage for all

Medicaid Expansion - The Medicaid Expansion program was first authorized by the 2013 Legislative Assembly. A total of \$703.3 million, of which \$80.1 million is from the general fund, was appropriated to continue the Medicaid Expansion program during the 2021-23 biennium.

The department contracts with a managed care organization to administer the Medicaid Expansion program. However, the 2019 Legislative Assembly provided for Medicaid Expansion pharmacy services to be administered by DHS. In 2021, the Legislative Assembly also provided for 19- and 20-year olds in the Medicaid Expansion program to be administered in a fee-for-service arrangement rather than by a managed care organization.

Tribal health care coordination fund - North Dakota Century Code Section 50-24.1-40, as enacted in House Bill No. 1194 (2019), provides for DHS to facilitate care coordination agreements between health care providers and tribal health care organizations that will result in 100 percent federal funding for eligible medical assistance provided to an American Indian. Any funding received in excess of the state's regular share of federal medical assistance funding due to a care coordination agreement is to be deposited 80 percent in the tribal health care coordination fund and 20 percent in the general fund. Money in the tribal health care coordination fund is appropriated on a continuing basis for distribution to tribal government in accordance with agreements between DHS and the tribal governments.

Medicaid interpreter services - Section 34 of House Bill No. 1012 requires the medical assistance program to provide payment for sign and oral language interpreter services for assistance in providing covered health care services to a recipient of medical assistance who has limited English proficiency or who has hearing loss and uses interpreting services.

Substance use disorder voucher - The 2021 Legislative Assembly increased general fund support for the substance use disorder voucher program from \$8 million to \$15 million and provided an additional \$2 million from the general fund for a substance use disorder grant program. The Legislative Assembly also appropriated \$3 million of one-time funding from federal state fiscal recovery funds for the substance use disorder grant program.

Refugee resettlement services - The 2021 Legislative Assembly added \$4.3 million of federal funding and 4 FTE positions to the DHS budget for the 2021-23 biennium for the department to administer refugee resettlement services programs previously administered through a contracted organization.

individuals currently in the program even if they no longer meet eligibility requirements. The requirement to continue all individuals in the program will remain in place until the quarter after the public health emergency order related to the COVID-19 health pandemic is terminated.

For the 2021-23 biennium through December 2021 (25 percent of the biennium), DHS has spent a total of \$159.5 million, or 22.7 percent of the budgeted amount, on the Medicaid Expansion program. The monthly average caseload was 28,912 and the average monthly cost per person was \$1,103. Nineteen- and 20-year olds were transitioned to a fee-for-service arrangement effective January 1, 2022.

In October 2020, DHS issued a request for proposal for a managed care organization to administer the Medicaid Expansion program effective January 1, 2022. Blue Cross Blue Shield of North Dakota was awarded the managed care organization contract.

To date no funds have been deposited in the tribal health care coordination fund. The interim Tribal and State Relations Committee has been reviewing options to enter care coordination agreements with tribal nations.

Interpreter services became eligible for Medicaid reimbursement as of January 1, 2022.

Through the first 2 quarters of the 2021-23 biennium, DHS utilized \$1.1 million, or 7.28 percent of program funding. Of the total amount used, \$700,000 was for residential services and \$400,000 was for other services.

The department hired a state refugee coordinator to administer refugee resettlement services in the state and provide support services such as employment and skills training, language learning, and youth mentorship. The

United States Department of State has authorized the settlement of 276 refugees and Afghanistan evacuees in the state during federal fiscal year 2022.

The Department of Justice filed a lawsuit against the state alleging the state has failed to serve individuals in nursing facilities in the most integrated setting. The settlement of the lawsuit identifies a target population of individuals to provide additional home- and community-based services. The target population for providing services includes individuals over the age of 21 with physical disabilities and who are eligible to receive Medicaid long-term services and supports. There are several benchmarks, including the number of individuals diverted from being placed in a skilled nursing facility, used to determine if the state is increasing home- and community-based services.

The department provided a grant of \$333,333 to the City of Jamestown for the cost of replacing a fire truck that was jointly owned by the state to provide fire protection services at the State Hospital.

The department reported the department's quality strategy is data-driven and utilizes various goals and aims to optimize performance. The department's quality strategy utilizes the following aims and goals:

Aim	Goals
Healthier populations	<ul style="list-style-type: none"> • Improve behavioral health for members • Improve outcomes for members with substance use disorders
Better outcomes	<ul style="list-style-type: none"> • Improve health for members with chronic conditions • Enhance provider support • Ensure access to care
Better experience	<ul style="list-style-type: none"> • Enhance member experience
Smarter spending	<ul style="list-style-type: none"> • Focus on paying for value

The department established the best in class program to provide grants to early childhood education programs. A total of 23 programs serving approximately 374 children received funding during the 2021-22 school year and 2022-23 school year grants will be awarded to 30 programs. Grant amounts range from \$15,000 to \$120,000 per classroom based on the number of children served and total operating hours.

The early and periodic screening, diagnostic, and treatment program, also known as North Dakota Health Tracks, is a preventative health care program for newborns and children through age 20 who are enrolled in Medicaid. The program provides preventative health screenings and well-child checkups to help prevent and identify health problems. Services that may be provided under the program include physical exams, hearing and vision checks, glasses and hearing aids, vaccines, dental care, health education, behavioral health screenings, growth and development checks, nutrition counseling, and other health services.

Department of Justice lawsuit settlement - The Legislative Assembly appropriated \$450,000, of which \$300,000 is from the general fund, for services to be provided due to a Department of Justice lawsuit settlement relating to home- and community-based services.

Political subdivision firetruck - Section 3 of House Bill No. 1012 provides a deficiency appropriation of \$333,333 from the DHS operating fund for a grant to a fire department for the replacement of a firetruck.

Medicaid quality report - Senate Bill No. 2135 (2021) requires DHS to create a report regarding the department's quality strategy for the Medicaid program.

Best in class program - The best in class program was authorized by the 2021 Legislative Assembly to provide quality early childhood experiences for children in the year before kindergarten.

Early and periodic screening, diagnostic, and treatment program - Section 59 of House Bill No. 1012 requires DHS to study the early and periodic screening, diagnostic, and treatment program and prepare a report regarding its findings. The report is to include data on the number, ages, and geographic locations of children receiving screening, diagnostic, and treatment services; the capacity of the program to ensure all children who require screening, diagnostic, and treatment services are identified and receive services; data on the disposition of referrals of children who are screened and eligible for diagnostic and treatment services, including how many receive services and

how many do not receive those services by county; an assessment of the program's efforts to provide comprehensive screening and treatment for children as required by federal law; an assessment of the deficits of the program's efforts to provide comprehensive screening and treatment as required by federal law; recommendations to ensure or expand services so that all eligible children are adequately served by the program; and additional data needed to assess the program accountability and efficiency.

Permanent supportive housing grants - Section 18 of House Bill No. 1012 requires DHS to develop a funding methodology to distribute grants for permanent supportive housing. The Legislative Assembly appropriated \$4.7 million from the general fund for supportive housing grants for the 2021-23 biennium.

Behavioral health bed management system - Section 27 of House Bill No. 1012 requires DHS to establish and maintain a behavioral health bed management system to improve utilization of behavioral health bed capacity. Public and private providers of residential or inpatient behavioral health services shall participate in and report daily to the department the information and documentation necessary to maintain the behavioral health bed management system in the form and manner prescribed by the department.

County social and human services program - Senate Bill No. 2124 (2019) provides for the delivery of social services from human service zones rather than counties. The Legislative Assembly appropriated \$189.9 million, of which \$1.2 million is from the general fund, for the program for the 2021-23 biennium.

The department has contracted with a consultant for the study. The department reported an early issue identified with the program includes children who are referred for services may not receive treatment. Parents and guardians make the final decision whether a child receives treatment. Parents and guardians may not seek treatment for children due to lack of availability of providers or due to a lack of understanding of the purpose of the treatment.

Permanent supportive housing allows individuals to live in a private and secure place with access to supportive services needed to retain housing. The methodology developed by DHS requires entities receiving permanent supportive housing funding to provide supportive services and report to the department regarding tenant outcomes. Grants are being provided to the following entities:

Entity	Number of Housing Units
Prairie Harvest Mental Health	21 units
Grand Forks Housing Authority	42 units
Fargo Housing Authority	42 units
Burleigh County Housing Authority	40 units

In October 2021, the interim Human Services Committee recommended a bill draft to the Legislative Management to exclude behavioral health beds maintained by the Department of Corrections and Rehabilitation from the behavioral health bed management system. The Legislative Assembly approved the bill draft during the November 2021 special legislative session.

The counties collaborated to form 19 human service zones effective January 1, 2020. Zone directors were hired by March 31, 2020, and each zone completed an operations plan by June 30, 2020. The first payment was made to zones in January 2020 and the second payment was made in June 2020. Semiannual payments continue to be made to the zones before January 11th and June 15th each year.

Before the zones were formed, counties maintained 1,207 FTE positions for social services duties. The 2021-23 budget for the zones is based on 985 FTE county positions. The department is reviewing the need to continue the remaining 222 positions.

During 2020, a total of 112 positions were transferred from counties to DHS. The positions relate to early childhood services (22), home- and community-based services case management (60), long-term care eligibility (16), child welfare quality control (10), and administration of zone activities (4). The 2021 Legislative Assembly also authorized the transfer of 16 FTE foster care licensing positions from county employment to state employment and authorized 3 new home- and community-based FTE positions.

State Hospital demolition projects - Section 17 of House Bill No. 1012 authorizes DHS to demolish the chapel, administrative building, employee building, and related tunnels at the State Hospital.

State Hospital land lease - Section 38 of House Bill No. 1012 authorizes DHS to lease land on the State Hospital grounds to the Adjutant General for a new training and storage facility.

Life Skills and Transition Center land conveyance - Sections 36 and 37 of House Bill No. 1012 authorize DHS to convey land at the Life Skills and Transition Center in Grafton.

Through May 2022 no buildings have been demolished at the State Hospital.

The department is in the process of entering a memorandum of understanding with the Adjutant General for the lease of land for a new training and storage facility.

The department is in the process of selling a piece of land to the Grafton Park District. The land is being surveyed and abstracts are being updated.