

Testimony
House Bill 1012 – Department of Human Services
House Appropriations Committee
Representative Ken Svedjan, Chairman
January 9, 2009

Chairman Svedjan, members of the House Appropriations Committee, I am Carol K. Olson, Executive Director of the North Dakota Department of Human Services. Thank you for this opportunity to introduce the Department's budget request for the 2009-2011 biennium and to provide you with background about the Department and how human service related needs have been identified and incorporated into this budget.

The Department is an umbrella agency that serves vulnerable individuals by providing and funding health and human services. The Department's clients primarily include low-income and at-risk infants and children, pregnant low-income women, single-parent families, the elderly, and people with disabilities of all ages. When child support services are factored in, it has been estimated that the Department serves as many as one in five North Dakotans.

Our mission is to provide quality, efficient, and effective human services, which improve the lives of people.

To build the Department's budget, we actively seek out information about health and human service needs at the local level by hosting stakeholder meetings statewide each biennium. These public meetings are held in non-session years and participants include clients, providers, advocates, legislators, Tribal program representatives, interested members of the public, Department and county employees, and others. The Department

also receives, reviews, and considers written comments and requests submitted by many of these same entities. Based upon the comments and information received, plus numerous meetings with various groups and associations, we begin to set priorities and to develop the budget.

MAJOR PROGRAM CHANGES AND INITIATIVES

Behavioral Health Needs

During the public stakeholder meetings, we heard repeated concerns expressed about the state's capacity to serve individuals with behavioral health needs – which are those individuals with substance abuse or mental health needs. The State Hospital has been at capacity for some time, and there is a concerted effort nationally and in the state to serve all people with disabilities in the least restrictive setting.

Stakeholders told us that there were not sufficient resources at the community level to address the needs of those who need more structured and supervised care. Private hospitals that contract with the Department's regional human service centers were concerned about reimbursement levels and their costs for providing inpatient crisis stabilization services and care. Some hospitals closed or limited admissions to their behavioral health units, putting even more pressure on others and on the State Hospital.

In building the budget, we used consistent methods to set hospital reimbursement rates across all regions rather than negotiate different contracts, and we increased those rates to the same level as the inpatient hospital rebasing to encourage hospitals to continue to serve clients

locally. Rates for other providers are increased as well (seven percent inflationary increase each year of the biennium).

This budget also includes funding to increase the number of residential beds in Minot and Dickinson. It also provides for more client service hours in the Grand Forks region and extra staffing in Fargo as a result of the Cooper House project. Supported residential services help people with chronic serious mental illness or addictions break the cycle of evictions, crisis bed admissions, emergency room visits, jail, and inpatient hospitalization.

There is also funding for additional staff at the State Hospital. In short, this budget allows us to address capacity concerns and to provide behavioral health service in a variety of settings to meet individual needs.

In regard to other capacity issues in the mental and behavioral health arena – the Department is aware of the needs of returning National Guard soldiers and their families - especially those affected by traumatic brain injuries. We are working with other providers and organizations to address needs in a coordinated manner.

At the community level, the Department continues to support the implementation of the recovery model and evidence-based treatment methods shown to produce better outcomes such as the Matrix model of addiction treatment, integrated dual disorder treatment for people diagnosed with both mental illness and addiction, and peer support. The Department will continue to promote the use of effective treatment models, and to support training opportunities for both public and private treatment professionals.

Impact of Aging Population

The needs of North Dakota's aging population are already impacting service capacity. By the year 2020, it is projected that about one in four North Dakotans will be age 60 and older, and three in 100 will be age 85 and older – the group most likely to need services.

We know from AARP data that older adults prefer to receive services in their homes as long as possible. We need to be responsive to that by providing home and community based services along with a strong continuum of long term care options.

The Executive Budget for the Department provides a 52 percent increase for home and community based long term care services funded through the Service Payments for the Elderly and Disabled (or SPED) program, the Expanded SPED program, and Medicaid waivers, personal care, and hospice services. This increase of more than \$21.5 million will help elderly individuals and people with disabilities in North Dakota maintain their independence.

In addition, this budget doubles funding for training in-home care providers known as Qualified Services Providers (QSP). It also includes \$900,000 to address cost increases experienced by the Older Americans Act service providers who provide senior meals, outreach, and health maintenance services, and contains \$600,000 to fund an Aging and Disability Resource Center that will help people locate and access needed long term care services.

This budget provides important inflationary increases to all long term care service providers. Qualified Service Providers (QSP) will also receive the seven percent inflationary increase.

Statewide, participants in our stakeholder meetings told us the state needs to raise the income levels for the Medicaid Medically Needy coverage group, which includes low-income children, people who are older, blind, disabled, and families with deprived children who do not have enough income to meet their medical needs. The Medicaid program requires them to pay for their medical costs until they reach the "Medically Needy Income Level." At that point, Medicaid pays their medical costs. This "income level" is supposed to be enough to cover food, shelter, utilities, and clothing needs. The Medically Needy income level was last changed in 2003. This budget includes funding to raise the income limit to 83 percent of the federal poverty level, and this will significantly help these Medicaid recipients.

Senior citizens and people with disabilities also need transportation to enjoy a higher quality of life. The Department continues to collaborate with the Department of Transportation to develop an effective and efficient transportation infrastructure to meet the needs of individuals served by our Medicaid and Aging Services Divisions.

Services for Children

To address the health needs of uninsured children, this budget increases the income eligibility level for the State Children's Health Insurance Program (SCHIP) to 200 percent of the poverty level (uses net income).

This will allow North Dakota to cover an average of 6,021 children per month who would otherwise be uninsured.

Many working parents also struggle with the cost of child care. This budget increases child care assistance for low-income working families. It also funds child care provider training and other quality initiatives, which along with mandatory criminal background checks for child care workers, will help working families find safe and accessible child care.

This budget also increases Family Foster Care payments to the nationally recommended level. Other than inflationary increases supported by the Legislature, rates for these important caregivers have not been adjusted since 1999.

Children often come into the foster care system as a result of abuse or neglect. Establishing whether abuse occurred requires special expertise, and Child Advocacy Centers also receive important continued financial support in this budget. These centers work to reduce additional trauma to children while ensuring that those involved in investigating, providing services, and enforcing the law, can effectively address the physical and sexual abuse of children.

During our stakeholder meetings, we also heard about the need to be more effective serving young people transitioning from foster care or other services into adulthood and adult services. Often these young people do not have a place to live and are not ready to live on their own. In response to this identified need, the Department's budget includes funding for youth facilities in Bismarck and Fargo, each providing eight residential beds for youth in transition. In addition to shelter,

participating youth will have access to counseling, case management, and other services through the regional human service centers.

Effectively serving youth involves collaboration. We are working with other agencies including the Department of Public Instruction, Juvenile Services, and other organizations at the state and local level to identify services provided through the different agencies, to reduce duplication, and to address gaps in service so that together we can foster independence and promote leadership among youth.

Efficiency and Effectiveness

The Department utilizes a management team known as the Cabinet, which includes representatives of the eight regional human service centers, the State Hospital and Developmental Center, program and policy divisions, economic assistance programs, Medicaid and medical services, and administrative support services.

Our management team and our Department's culture support innovation. I have already mentioned our efforts to provide effective evidence-based treatment services.

Our Child Support Enforcement Division continues to identify and find efficiencies following the change to state administration of the regional enforcement offices. The program has earned national recognition as a top-performing program, and has also been recognized for innovation and innovative partnerships along with other Department divisions.

Our Children and Family Services Division continues to collaborate on training and coordination with the court system to ensure that the children and families involved in the child welfare system receive quality services.

Through contracts with public and private providers, North Dakota is exceeding the work participation rate goals for parents involved in the state's Temporary Assistance for Needy Families program.

The Department has a history of working effectively with other organizations to address shared concerns and will continue to do so. The Department and its staff are responsive to changing needs and emerging opportunities.

Long term, we intend to continue hosting stakeholder meetings and other public meetings and to communicate with and be accessible to clients, their family members, legislators, advocates, providers, and other stakeholders in order to identify needs and concerns and effectively address them.

Overview of Department Budget Changes

The Department's 2009-2011 budget request totals \$2.26 billion – an increase of \$352.8 million in total funds. The state general fund increase is \$125.8 million. This general fund increase is due to the inflationary and other increases to providers, the Governor's salary and benefit package for state employees, and the decrease in the Federal Medical Assistance Percentage (FMAP).

In closing, this budget meets the needs identified in communities across the state. It sustains important existing services, increases Medicaid payments for hospitals, doctors, dentists, chiropractors, and ambulance service providers, and provides an inflationary increase for all providers. It also allows North Dakota to provide important health coverage for uninsured children that is comparable to other states. It truly does improve the quality of life of our citizens.

Thank you for your time. Allow me now to introduce the Department's Chief Financial Officer Brenda Weisz who will be providing a detailed overview of the Department's 2009-2011 budget.