

Testimony
House Bill 1012 – Department of Human Services
Senate Appropriations
Senator Holmberg, Chairman
March 4, 2009

Chairman Holmberg, members of the Senate Appropriations Committee, I am JoAnne Hoesel of the Department of Human Services. I am here today to provide you an overview of the Developmental Disabilities Division (DD) for the Department of Human Services.

Programs

The Developmental Disabilities Division has 7 FTEs and provides management, monitoring, and oversight of the MR/DD Medicaid waivers. The Division is responsible for providing technical assistance, staff training, and developing policy for the Developmental Disability System and assures that early intervention services are delivered to children between the ages of birth to three who are at risk of developmental delays.

Developmental Disability services are funded through the Medicaid state plan, three Medicaid Home and Community-Based Waivers through the Centers for Medicare and Medicaid Services (CMS), Part C of the Individuals with Disabilities Education Act (IDEA) through the Office of Special Education Programs (OSEP), and general funds.

Caseload

In SFY 2008,

- 5,185 individuals received developmental disability case management through the regional human service centers,
- 1,836 individuals received family support program services, including family subsidy, infant development, and family support,
- 2,131 individuals received residential and/or day services, and
- 9,282 Right Track screenings were completed for infants and toddlers birth to three years of age who are at risk for developmental delays.

Note: The funding for the DD program management is contained in the regional human service center budgets. The community-based services for individuals and families provided by private DD providers are budgeted in the Long-Term Care section of the budget. Early Intervention Services are budgeted in the operating line of this Division's budget.

Customer Base

According to the latest report from the University of Minnesota on residential services for persons with Developmental Disabilities, Status and Trends through 2007:

- The national average rate of placement in residential settings for persons with Intellectual Disabilities (ID)/Developmental Disabilities (DD) in 2007 was 145.1 persons per 100,000 of the general population. North Dakota ranked number one with 313.6 per 100,000 state residents.
- Nationally, the combined average Intermediate Care Facilities for the Mentally Retarded (ICF/MR) and Home and Community-Based Services (HCBS) utilization was 198.0 per 100,000 of the population. North Dakota ranked number one with 645.3 persons per 100,000 state residents.
- In North Dakota, there are 1,112 private provider settings which serve persons with 1 – 3 people; 38 settings which serve 4 – 6 people; 62 settings that served 7 – 15 persons; and only 2 settings serve 16 or more people.

Major Program Trends

Increased federal accountability requirements and oversight

The Centers for Medicare and Medicaid Services (CMS) came to North Dakota in 2007 and completed an intense quality review of the DD Medicaid waivers. The review's purpose was to prepare the State for the upcoming DD waiver renewals and bring all states into a uniform renewal process. CMS is placing intense emphasis on documentable evidence of compliance in six health

& welfare assurance areas required in the waivers and is more prescriptive in how states arrive at compliance. CMS requires more reporting and more oversight. This is a change for the Division, the regional human service centers, and the private DD providers.

DD Home & Community-Based Services Waiver Renewals

The DD waiver renewals were submitted January 1, 2009 and are being reviewed by CMS. The renewed waivers will be effective April 1, 2009. Multiple work groups, meetings, and documents have been prepared for the renewal and the regional centers and providers have been included in all aspects of the process.

CMS requirements include increased and documented consumer choice of services, movement toward portability of funds, formalization of the quality framework, incident investigation and reporting, and the ability to track, trend, and train within the DD system.

Developmental Center Transition – Efforts to transition individuals from the Developmental Center continue with collaboration between the regional human service centers, the One Center, advocates, DD providers, Medical Services, and the Division. One challenge that continues to challenge these efforts is difficulty finding staff to serve individuals in communities. The Department is surveying DD providers and regional staff for individuals referred statewide to identify barriers to community

placements. The transition committee will use this data to address the challenges and identify specific strategies.

Services for young children with DD – Growth continues with the number of young children with developmental delays needing support. This has put pressure on the family support budget.

Overview of Budget Changes

Description	2007 - 2009 Budget	Increase/ Decrease	2009 - 2011 Budget	House Changes	To Senate
Salary and Wages	860,672	104,341	965,013	(10,522)	954,491
Operating	4,400,076	571,802	4,971,878	(67,710)	4,904,168
Grants	816,403	(352,278)	464,125	0	464,125
Total	6,077,151	323,865	6,401,016	(78,232)	6,322,784
General Funds	2,440,426	365,683	2,806,109	(38,190)	2,767,919
Federal Funds	3,636,725	(41,818)	3,594,907	(40,042)	3,554,865
Other Funds	0	0	0	0	0
Total	6,077,151	323,865	6,401,016	(78,232)	6,322,784
FTE	7.00	0.00	7.00	0.00	7.00

The Salary and Wages line item increased by \$104,341 and can be attributed to the following:

- \$87,001 in total funds is to fund the Governor’s salary package for state employees. The general fund portion of this increase is \$45,737.
- The cost to continue the 4% salary increase for the last year of the 07-09 biennium is \$49,827 of which \$49,209 is general fund.

- The remaining decrease of (\$32,487), of which (\$2,959) is general fund is due to divisional restructuring.

Operating expenses show a net increase of \$571,802 for a variety of reasons:

- Increase in travel of \$88,109, of which \$27,037 is general fund, reflects an increase of travel due to more staff travel time devoted to training and regulatory oversight.
- Increase of \$46,179 for professional development, of which \$1,479 is general fund to support early intervention services.
- Increase of \$599,530 in operating fees and services of which \$145,950 is general fund. The increases and decreases are as follows:
 - \$257,741 increase in the Catholic Charities Guardianship contract which includes a correction of \$49,209 in the contract that was omitted last biennium, \$37,777 cost to continue year two increases plus \$170,755 for the inflationary increase of 7% in each year of the biennium for this contract. This is all general funds;
 - \$527,168 increase for Part C which reflects a shift from the grant line to operating fees and services of \$449,636 for early intervention services, which is all federal funds;
 - Increase of \$34,310 of federal funds for Right Track screenings due to an increase in assessments, which is all federal funds;

- (\$184,039) decrease in our fiscal agent contract, as last biennium was the original self-directed support work and was based on an estimate. This request reflects actual usage, of which (\$103,354) is general funds;
 - (\$35,650) decrease due to restructuring of division.
- Decrease of (\$92,432) in various supplies, of which (\$1,431) is general funds, the majority is being moved to cover increased travel and the Early Intervention program.
- Decrease of (\$77,527) in equipment, of which (\$361) is general funds, the majority is being moved to cover increased travel and the Early Intervention program.
- Decrease of (\$8,163) in Information Technology communication services, of which (\$78) is general funds.
- Decrease of (\$11,951) in rent, of which (\$4,033) in general funds due to staff being moved out of Prairie Hills Plaza building.
- Increase of \$14,730 in printing, of which \$2,517 is general funds, the majority being for Early Invention program.
- Increase of \$13,327 in professional fees, of which \$7,400 in general funds, the majority being for administrative hearings.

Grants resulted in a net decrease of (\$352,278), of which \$95,217 is an increase in general funds, for a variety of reasons with the major changes being:

- (\$449,636) decrease reflects the shift from grants to operating for the Early Intervention program. This decrease is 100% federal funds. There was also a funding shift of \$2,141 from general funds to federal funds.
- Increase of \$97,358 in general funds for service payments for individuals who were no longer able to be served by the waiver due to CMS' required eligibility changes in the 05-07 biennium. These funds represent job supports and residential supports for these individuals.

House Changes:

The House underfunding of salaries for anticipated savings from vacant positions and employee turnover for this area of the budget is \$3,455 - general fund and \$7,067 - federal funds for a total of \$10,522.

The House reduced 50% of the department-wide travel increase. Developmental Disabilities' share of this decrease is \$40,511 total funds; \$7,536 – general fund.

In Operating Fees and Services, the inflationary increase for the contract with Catholic Charities for guardianship services was reduced from the 7% & 7% increase to 6% & 6% resulting in a general fund decrease of \$27,199.

This concludes my testimony on the 2009 – 2011 budget request for Developmental Disabilities Division area of the Department.

I would be happy to answer any questions.