

**Testimony
Department of Human Services
Government Finance Committee
Representative Jeff Delzer, Chairman
February 12, 2014**

Chairman Delzer, and members of the Government Finance Committee, I am Debra McDermott, Chief Financial Officer, for the Department of Human Services. I am here today to provide an update on the status on the Department's major assistance programs, federal funding, and one-time expenditures for the 2013-2015 biennium, as well as an update on Medicaid Expansion and anticipated federal funding changes and major funding requests for the 2015-2017 biennium.

Status of Major Assistance Programs

See **Attachment A** for the Quarterly Budget Insight Report which reflects the actual number of recipients and expenditures for the major assistance programs we administer. *(This report is updated each quarter and can be found at <http://www.nd.gov/dhs/info/pubs/about.html>)*

Status of Federal Funding 2013-2015

The Department's 2013-2015 biennial budget is approximately \$3 billion, with 56% or approximately \$1.7 billion being federal funds. The Department anticipates to receive the federal funds included in the budget.

One-Time Expenditures

The Department's one-time expenditures are as follows:

- **SB 2012 -**

Mainframe Migration (\$810,000) - The Department will begin to develop a mainframe migration plan in the second year of the biennium.

Field Services Electronic Health Records System Replacement

(\$2,500,000) - The Electronic Health Records Project is currently in the initial planning stage. The primary project team members are being identified and the team has started defining the functional requirements and drafting the Request For Proposal.

Demolish Refectory and Pleasant View Buildings, Life Skills and

Transition Center (\$220,000) – The necessary demolition specifications are currently being developed by an architect and engineer as required by NDCC 48-01.2-02. These specifications will be used by the Department to request demolition bids from vendors.

Street Reconstruction, State Hospital (\$864,714) – The Department

has contracted with an engineer to develop plans and specifications for the project. The project is scheduled to open for bid March 21, 2014, and is expected to be completed this fall.

Grant to an Assisted Living Center (\$425,000) – This grant payment for a center that accepts low income tenants for an expansion project was made in August, 2013.

Grant for Adaptive Skiing Program (\$200,000) – The Department has paid \$65,423 to date for salary and equipment costs billed by the vendor.

Grant to Ramsey County (\$300,000) – The Department paid one half of the appropriated grant amount, or \$150,000 in accordance with Section 12, in July, 2013.

- **HB 1358, Section 10** – Provided \$9.6 million from the Strategic Investment and Improvement Fund for the purpose of administering a grant program for critical access hospitals in oil-producing counties and counties contiguous to an oil producing county. The Department paid \$4.45 million in January 2014 to the nine critical access hospital that submitted grant applications.
- **SB 2018, Section 3** – Provided \$400,000 for Early Childhood Service providers who care for children with disabilities or developmental delays. The Department has established grant guidelines, formed a selection committee and has informed providers of the grant opportunities. No grants have been awarded yet, however the Department has had several inquiries.

Medicaid Expansion Update

For the month of February there were 3,109 individuals enrolled for coverage in the North Dakota Medicaid expansion. While we will finalize and trend the age, gender, and location cohorts over the next three months, the early data shows that most enrollees are childless adults (there are some adults with dependent children), slightly over half of the expansion enrollees are female, a little more than half are ages 19-44 (remainder ages 45-64), and most are rural (urban covering only Burleigh and Cass counties).

While the enrollment number is less than the 20,500 the Department estimated as being potentially eligible, the Department did not have any expectations about enrollment for January 1 coverage, and anticipated enrollment would grow over time. As we have indicated before, eventual enrollment will be dependent upon the choice of individuals surrounding coverage and motivation about the individual mandate and penalties.

During testimony throughout the 2013 legislative session, the Department also projected an increase to the "traditional" Medicaid enrollment. This population is often referred to as the "woodwork" group. These are individuals who were previously eligible, but had not applied, for Medicaid coverage. The increase was expected as a result of outreach and people going to the marketplace and finding out they were eligible for Medicaid (non-expansion). While we continue to determine the increase in enrollment as a result of the woodwork group, we are seeing an increase and should be able to quantify a trend by early spring. (Medicaid enrollment for the month of November 2013 was 66,050.)

Status of Federal Funding 2015-2017

The Department is not anticipating any changes that will impact the federal funding to be received in 2015-2017 biennium.

Major Funding Requests 2015-2017

The Department has not begun to prepare the budget for the 2015-2017 biennium. The Department however, held stakeholder meetings across the state in the fall of 2013. The Department is finalizing our analysis of the stakeholder input received, which will be used for strategic planning and in the development of the 2015-2017 biennial budget proposal.

I would be happy to answer any questions.