

Testimony
House Bill 1072 – Department of Human Services
House Appropriations - Human Resources Division
Representative Pollert, Chairman
January 10, 2017

Chairman Pollert, and members of the House Appropriations – Human Resources Division, I am Tina Bay, Director of the Developmental Disabilities Division of the Department of Human Services (Department). I am here today to provide you an overview of the programs and services that make up the budget request for the Developmental Disabilities (DD) Division.

Programs

The DD Division oversees the delivery of services for eligible individuals with an intellectual or developmental disability, and children birth to age three with developmental delays. Services include residential and day habilitation, employment, family support, self-directed, corporate guardianship, infant development, and right track.

DD Division staff are responsible for the following:

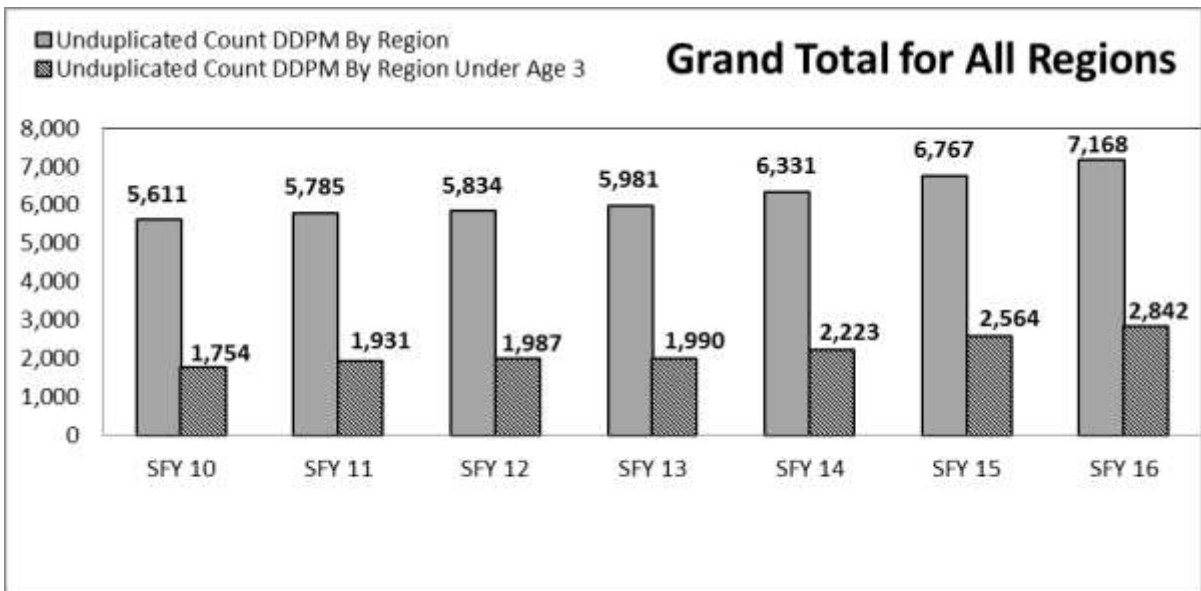
- **Administration:** budgeting, licensing, training, quality assurance, policy development, contract management, and technical assistance; and
- **Regulation:** development and monitoring of the Medicaid 1915(c) Traditional Home and Community Based Waiver, interpret and ensure compliance with state and federal rules, and administrative code updates.

Division staff interact regularly with developmental disability staff at the regional human service centers, Life Skills and Transition Center, with federal agency representatives, school system personnel, university representatives, consumer advocates, families, and a variety of public and private entities that play a vital role in the delivery system and monitoring of services.

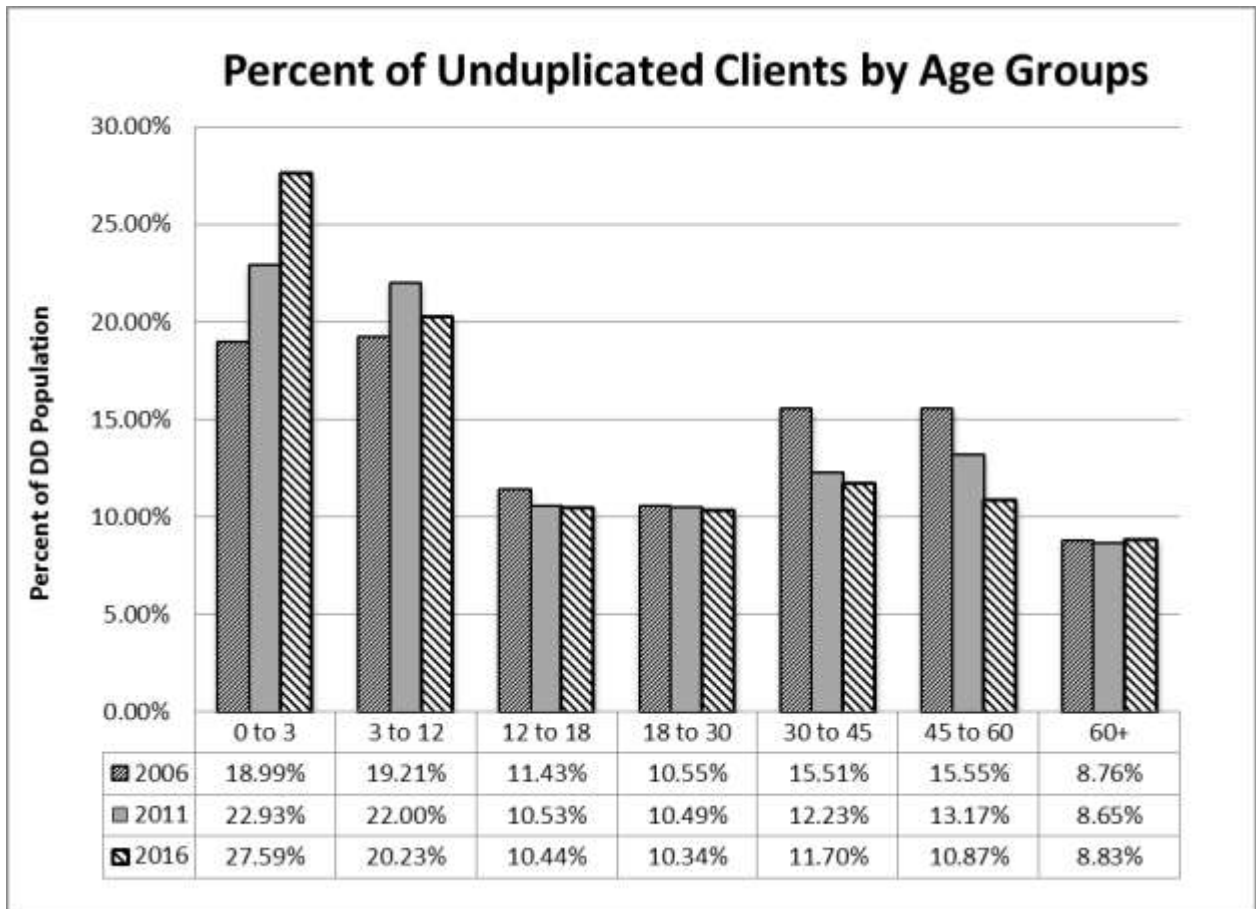
Program Trends/Program Changes

Caseload Growth and Utilization:

The DD system continues to see an increase in the number of clients served. The following chart highlights the total unduplicated number of clients that received DD program management over a seven year period. This represents a 27.7% increase from SFY 10 to SFY 16.



This next chart provides a more detailed look at those receiving DD program management by identifying the percent of unduplicated clients by identified age groups.



In addition to serving more clients, the data shows an increase in the utilization of services, including the number of services provided (units) and staffing levels. Client acuity drives the cost of services and we have seen a continued increase in the number of clients who need enhanced staffing levels to safely and successfully live in the community.

The following chart highlights selected DD services, the adjusted average cost by inflation, actual average cost, and average number of clients served over the past five years.

	Adjusted Avg. Cost/Unit by Inflation*	Actual Avg. Cost/Unit	Avg. Number of Clients/Month
<i>Residential (Individualized Supported Living Arrangement)</i>			
SFY 11	\$141.08	\$141.08	737
SFY 16	\$174.28	\$198.08	862
% Inc/Dec	+23.5%	+40.4%	+17.0%
<i>Day Supports**</i>			
SFY 11	\$15.89	\$15.89	1,069
SFY 16	\$19.63	\$23.39	1,221
% Inc/Dec	+23.5%	+47.2%	+14.2%
<i>Intermediate Care Facility - Adult**</i>			
SFY 11	\$322.18	\$322.18	232
SFY 16	\$399.16	\$490.99	234
% Inc/Dec	+23.9%	+52.4%	0%
<i>Family Support Services (In Home Support)</i>			
SFY 11	\$1,443.14	\$1,443.14	557
SFY 16	\$1,745.30	\$2,100.10	703
% Inc/Dec	+20.9%	+45.5%	+26.2%

*Legislative increases include SFY 2012 of 3%, SFY 2013 of 3%, SFY 2014 of \$1 wage pass through plus 3%, SFY 2015 of 3% and SFY 2016 of 3%

**In addition to acuity, building costs and supplies will have an impact on the cost per unit.

DD Transitions

The DD Division works closely with the Life Skills and Transition Center (LSTC), regional staff, providers, and other stakeholders to transition clients from the LSTC to community services. This biennium, the Department repurposed a FTE from the LSTC to the DD Division. This position will work closely with providers and other stakeholders to create new settings in the community for clients currently residing at the LSTC and will support the Department's continued efforts to comply with the Olmstead Act.

In addition to the repurposed FTE, the DD Division's budget includes funding for four crisis units. These units will be available to clients that are in need of a temporary placement away from their current living situation. Having these units available in the community should divert some clients from needing to be admitted at the LSTC.

DD Eligibility (Specialized Services)

The Department has requested technical assistance to study current waiver eligibility and service criteria to determine if there are gaps in eligibility or services. The Department will use the information to examine waiver criteria and services to determine if certain individuals are failing waiver criteria or to determine if certain waiver recipients need additional services. The result may be a change to an existing waiver or a new waiver. It is expected that criteria changes or additional services would result in increased costs.

DD Payment System

The DD Division has been working with consultants, developmental disability service providers, the North Dakota Association of Community Providers, and other stakeholders since State lawmakers enacted Senate Bill 2043 in 2011 directing the Department to develop, with providers, a new payment system. The project involves converting the State's current retrospective, cost-based, rate system to a prospective fee-for-service system, utilizing the Supports Intensity Scale (SIS) assessment.

The DD Rate Setting Steering Committee, which includes providers and their association, met 48 times to help the Department make decisions throughout the project.

The Department expected to implement the new payment system on January 1, 2017; however, on September 22, 2016 a decision was made to postpone implementation. Typically a newly-developed rate system does not provide the exact same reimbursement to providers as the system it replaces, and some providers may receive more reimbursement while others may see less. It has been difficult for the Department to evaluate the number of clients who may be impacted if their provider chooses to provide less support or to discharge them. Because the Department did not want to impact the services and supports for individuals, the Department decided to postpone implementation.

Home and Community-Based Settings Rule

In March 2014, a new federal Centers for Medicare and Medicaid Services (CMS) rule established requirements for the qualities of settings that are

eligible for reimbursement for Medicaid Home and Community-Based Services (HCBS) provided under 1915(c) Medicaid waivers. Department staff have completed a review of current services, conducted site visits, and are currently working with CMS, consumers, and providers to assure compliance with this new rule. The Department received initial approval of the statewide plan to comply with this rule on November 1, 2016.

In 2017, the Department will continue to work with CMS to obtain final approval of the statewide plan. All settings must be fully compliant by March 2019. To achieve final approval, the Department will be submitting an evidence package to CMS to request additional heightened scrutiny of new settings that are located on the grounds of a state institution. Policy revisions, changes to administrative rules, changes to century code and a new process for licensing will also be necessary.

In addition to the initial activities required to obtain final approval, the Department will be responsible for the following activities to ensure ongoing compliance with the new regulations:

- Monitor new and existing settings;
- Provide oversight to ensure person-centered service plans are compliant;
- Track and validate responses to site visits, policy changes and compliance activities; and
- Report progress to CMS

Overview of Budget Changes

Description	2015 - 2017 Budget	2017 - 2019 Executive Budget	Increase/ (Decrease)
Salary and Wages	1,814,562	2,335,375	520,813
Operating	8,438,080	8,004,611	(433,469)
Capital Assets	10,000	10,000	0
Grants	467,528	548,528	81,000
DD Grants	558,245,809	610,904,461	52,658,652
Total	568,975,979	621,802,975	52,826,996
General Fund	280,080,844	306,652,396	26,571,552
Federal Funds	288,895,135	315,150,579	26,255,444
Total	568,975,979	621,802,975	52,826,996
Full Time Equivalent (FTE)	10.0	12.0	2.0

Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$520,813 and is mainly attributed to the following:

- \$40,889 in total funds, of which \$20,157 is general fund, needed to fund the Governor's compensation package for State employees.
- \$30,689 in total funds, of which \$16,546 is general fund, needed to sustain the employee increases approved by the last Legislative Assembly.
- \$225,089 in total funds, of which \$111,059 is general fund, for the transfer of an FTE to actively work with individuals transitioning from the LSTC and to assist in efforts to help with community supports/options to reduce admissions to LSTC.
- \$190,296 in total funds, of which \$93,890 is general fund, was included in the Executive Budget request for a program administrator to manage the Specialized Services to Individuals with Developmental Disabilities (1915c Waiver).

The Operating line item decreased by \$433,469 (5.1%) and the majority of the changes can be attributed to the following:

- Decrease of \$345,249 in Operating Fees and Services. The decrease mainly consists of the following:
 - \$199,260 increase in the fiscal agent contract for self-directed services due to increase in utilization,
 - \$84,822 increase for 20 additional wards for the corporate guardianship program,
 - \$86,400 increase for crisis units that should divert some clients from placement at the LSTC,
 - \$400,000 decrease in Experienced Parent contracts in the Part C program to make these funds available for direct client services through Developmental Disabilities grants, and
 - \$264,958 decrease in contracts for assessments for the Developmental Disabilities payment system.
- Decrease of \$46,554 in Travel due to the Department-wide process used to develop the Departments' savings plan.
- Decrease of \$46,950 in Supply/Material - Professional for the Part C program to make these funds available for direct client services through Developmental Disabilities grants.

The Grants line item increased by \$81,000 (17.3%) for additional follow-up investigations completed by North Dakota Protection and Advocacy Project, all of which is federal dollars.

The Developmental Disabilities Grants line item increased by \$52,658,652 (9.4%) and can be attributed to the following:

- An increase to the existing waiver, or potentially a new waiver based on a study being conducted of the current waiver eligibility

and service criteria to determine if there are gaps in eligibility or services,

- A 1% provider inflationary increase the second year of the biennium,
- 168 additional high school graduates and new placements expected to need services during the biennium,
- 24 expected transitions from the Life Skills and Transition Center to the community,
- An increase of 160 consumers for family support services,
- An increase of nine children per month (216 for the biennium) for infant development services, and
- An increase in 90 consumers for self-directed services.

Attachment A provides a walk-through of the Developmental Disabilities Grants from the 2015-2017 appropriation to the 2017-2019 Executive Budget to the House.

The general fund request increased by \$26,571,552 with \$26,177,007 or 99% of the increase is related to the Developmental Disabilities Grants. The remaining \$394,545 or 1% is related to salary, operating and grants changes as described above.

The federal funds request increased by \$26,255,444 with the majority of the increase related to the Developmental Disabilities Grants.

This concludes my testimony on the 2017-2019 budget request for the Developmental Disabilities Division. I would be happy to answer any questions that you may have.