Testimony
House Bill 1012 – Department of Human Services
House Appropriations - Human Resources Division
Representative Pollert, Chairman
January 14, 2009

Chairman Pollert, members of the House Appropriations Human Resources Division, I am Nancy McKenzie, Statewide Director of the Regional Human Service Centers (HSCs) for the Department of Human Services (DHS). I am here today to provide you with an overview of the budget, program trends and direction in the regional centers. Your committee will later receive specific testimony from each of the center directors.

Human Service Centers

- The 8 Regional Human Service Centers are a network of outpatient behavioral health clinics that serve individuals whose illness, addiction, disability or conditions place them at risk of harm or institutional placement. They provide an important community safety net for our most vulnerable citizens, to ensure that services are available and accessible at the most appropriate and cost-effective level of care.
- Each of the centers provides the "Core Services" as outlined in the attached document. We continue to place a high value on alignment across the regions, operating as one public system that shares resources as needs and demands shift.
- Services are provided within the clinic setting, various rural outreach centers, in client homes, or other community settings, and include 24-hour emergency services as well as follow-up services.

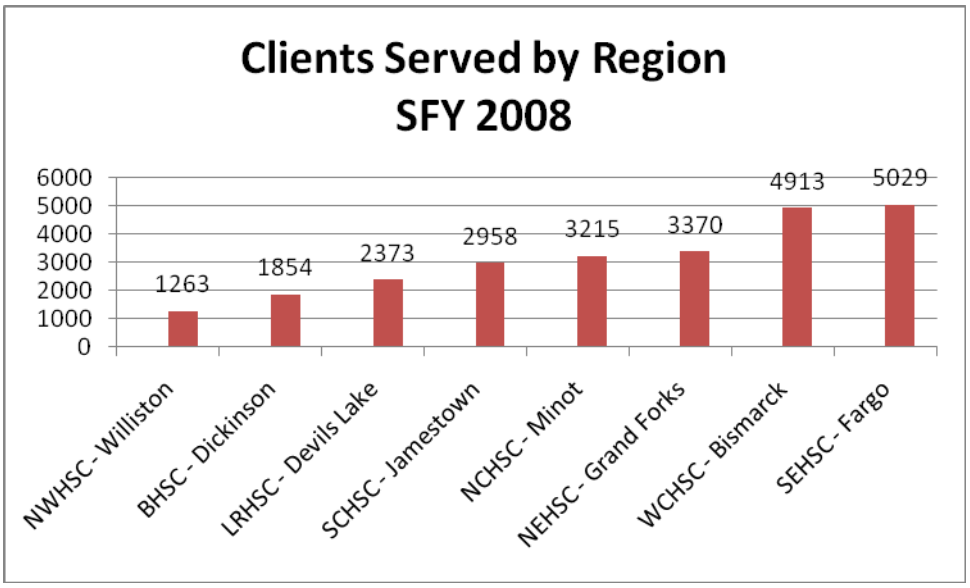
- In addition to direct evaluation and treatment services, the HSCs are responsible for program supervision and regulatory oversight of the Child Welfare services provided by county social services as well as oversight of the Aging Services programs in their regions.

Clients Served

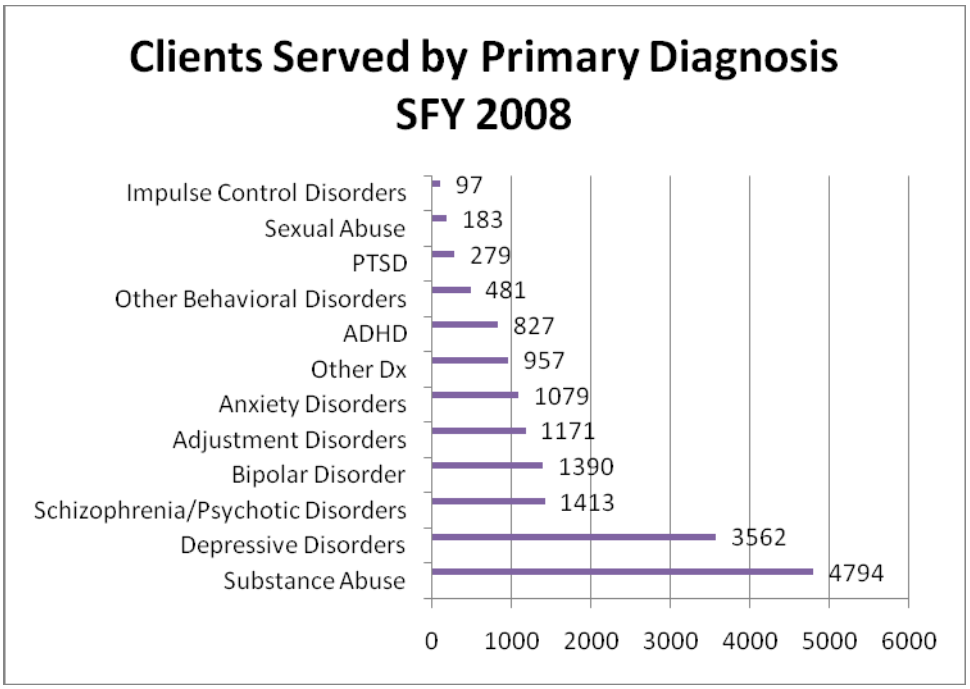
Demographics of those served in State Fiscal Year 2008 include:

- Over 24,975 individuals were served excluding Vocational Rehabilitation (VR); this is an approximately 3.5% increase over the prior year, and represents 4% of North Dakota's residents. Individual regions served from 3-6% of their population base.
- 25% of clients served were children; 75% were adults.
- Only 10% of clients are served just once (evaluation, etc.), while 90% receive services over a period of time.
- During the same period, VR served 6,472 individuals, many of whom received other HSC services as well. Older Blind programs served 1,105 individuals.
- 43% of HSC clients qualify for no fee on the sliding fee scale; of those, 21% have no third party payment source.

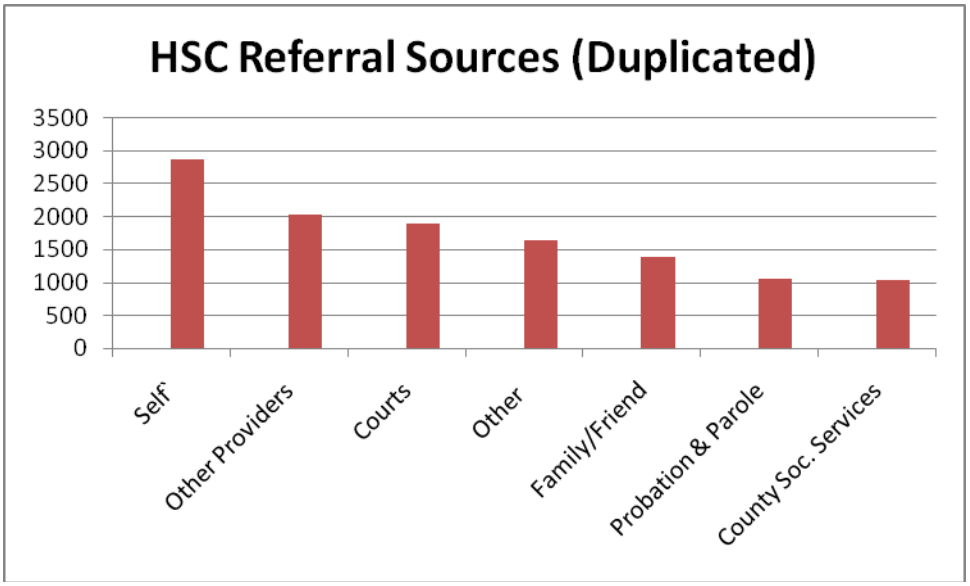
The following graphics further show the demographics of statewide HSC clients:



(Note: Despite unique regional differences/needs, clients served range in order of regional population sizes.)



(Note: 67% of clients receive a primary diagnosis; others are emergency services or DD clients.)



Statewide Trends

- Demand for services continues to stress current capacity, particularly in the more populated areas of the state. In the current biennium, the State Hospital census has exceeded 100%. There has been increasing concern from our local hospital partners due to longer lengths of stay in those facilities, often beyond available contract dollars. One of those providers, the Dickinson St. Joseph's Hospital, closed its inpatient psychiatric unit during the current biennium.
- Many of the clients served by the HSCs receive multiple services; this is not surprising when one considers that many have multiple diagnoses, a tendency to homelessness, and need for maintenance services. We work to wrap critical services around these individuals in the community, to support their stability and recovery, minimize symptoms, and decrease the potential for more costly hospitalization.

- Primary services provided to HSC clients, in descending order of clients served, include:
    - Case Management
    - Evaluation/Intake
    - Medication Review/Therapy with Medication Review
    - Nursing Services
    - Individual Therapy
    - Information and Referral
    - Group Therapy
    - Family Therapy
    - Emergency Services
    - Other Services
- The HSCs have fallen behind in their ability to compete for and hire professional staff in the marketplace. We have worked hard on internal staff development to assist in filling addiction counselor positions, and continue to have ongoing psychology and psychiatry vacancies.
    - Staff vacancies in hard-to-fill positions result in longer client wait times. We monitor our wait times, with a goal of seeing non-emergent clients within two weeks of referral. Wait times that exceed that goal are consistently due to staff vacancies.
    - Future planning to meet recruitment and succession needs of retiring staff has been undertaken with DHS Human Resource staff, and has included additional supervisory and leadership development training.

Accomplishments

I am pleased to report progress in several initiatives undertaken by the Human Service Centers:

- Further implementation of evidence-based practices in all of the regions continues. This results in more consistent implementation of services, and better outcome tracking for specific interventions. As further testimony will describe, evidence-based practices are now implemented in all regions and for several client populations (children with emotional disturbances, adults with serious mental illness, adults with dual diagnoses, etc.). A strong focus on recovery principles results in clients working closely with staff to determine appropriate goals and needed supports.
- Community residential capacity for clients needing additional living supports increased in the current biennium, the result of funding supported by the 2007 Legislature. This enables us to provide appropriate alternatives to hospitalization and to have available a more complete continuum of community services.
- We continue to collaborate with the Department of Correction and Rehabilitation (DOCR) to provide timely and appropriate follow-up treatment services for individuals following release from prison. Advance release planning has resulted in more prompt psychiatric follow-up upon release from prison.
- Flexible models of service delivery such as telemedicine are being successfully utilized and will continue to be expanded. This has had a positive impact in our rural state for individuals who have difficulty accessing needed treatment. I anticipate continued growth in the use of telemedicine by our own psychiatrists, which will help us meet needs in difficult-to-fill rural positions.

Overview of Budget Changes – Human Service Centers Combined

Description	2007 - 2009 Budget	2009 - 2011 Budget	Increase / (Decrease)
HSCs / Institutions	128,741,073	152,511,350	23,770,277
General Funds	62,736,289	79,878,717	17,142,428
Federal Funds	59,773,910	65,670,482	5,896,572
Other Funds	6,230,874	6,962,151	731,277
FTE	836.48	847.48	11.00

The major changes can be explained as follows:

- The Governor's salary package recommendation requires $9.6 million total funds (40% the overall increase) with $7.2 million being from the general fund.
- The cost to continue the July 2008 4% salary increase for 24 months versus the current 12 months of funding requires $1.5 million total funds with $1.1 million being from the general fund.
- In order to address resource needs at the Regional level for individuals who need more structured, supervised care, while simultaneously addressing capacity issues at the State Hospital, the budget includes funding across the Human Service Center system of $4.4 million total funds with $3.9 being from the general fund. This funding is to accomplish the following:
    - Provides consumers with more appropriate levels of care and to reduce our dependence on the ND State Hospital, and includes funding for crisis beds in the Minot region, supported residential and detox services in the Grand Forks region, staffing needs as it relates to the Cooper House residential project in the Fargo region (4 FTEs), an addition of a case manager in the Jamestown region to assist with addiction

caseloads, and long term residential services in the Dickinson region.

  - Provides for a consistent rate of payment for local inpatient hospitalization of our clients who are indigent, which will be on par with the newly proposed Medicaid rebased reimbursement rate.

- An increase of 6 FTEs, mainly for capacity issues, requires $600,000 total funds with $300,000 being from the general fund.
- Other salary changes have been required to meet critical market shortages or to provide temporary staff to meet increased consumer demand requires $1.6 million total funds, with approximately $710,000 being from the general fund.
- Provides for young adult transitional residential services in the Bismarck and Fargo regions. Total increase is $1.2 million with $835,000 being from the general fund.
- Provides for a 7% inflationary increase for each year of the biennium for contracted services - $2.7 million total increase with $2.5 million being from the general fund.
- Provides $1.9 million in total with approximately $867,000 from the general fund for the continuation of contracted services in the regions and the unforeseen funding issues for the providers we currently contract with predominately in the Minot, Grand Forks and Bismarck Regions.

In summary, while client needs/complexity present challenges, the HSCs have taken a number of positive steps to meet needs in a cost-effective manner. The proposed 2009-20011 budget will allow us to continue and improve those efforts. This concludes my overview testimony for the Human Service Centers; I would be happy to answer any questions.