

Testimony
Engrossed Senate Bill 2012 – Department of Human Services
House Appropriations – Human Resources Division
Representative Pollert, Chairman
March 12, 2015

Chairman Pollert, and members of the House Appropriations Committee – Human Resources Division, I am Kate Kenna, Director of the Lake Region Human Service Center (LRHSC) and Northeast Human Service Center (NEHSC) for the Department of Human Services (Department). I am here today to provide an overview of the programs and services that make up the budget request for the LRHSC and the NEHSC.

Lake Region Human Service Center

The LRHSC serves six counties and two tribal nations: Rolette, Cavalier, Towner, Ramsey, Benson and Eddy Counties, and the people of the Turtle Mountain Band of Chippewa and the Spirit Lake Nation.

The region's consumers report that transportation is a continuing barrier to access to services. Outreach is important as part of the solution and the Devils Lake office maintains office hours four evenings per week to accommodate consumer access. We presently provide outreach to Rolette County (Rolla), Eddy County (New Rockford), Cavalier County (Langdon), and Towner County (Cando). We have staff providing clinical services to the following schools: Devils Lake high school and middle school, Four Winds, Warwick, Lakota, Cando, New Rockford, and Rolla. Case managers additionally travel to many communities to visit consumers either within their home or elsewhere in the community.

The 8-bed crisis residential unit in Rolla and the 15-bed unit in Devils Lake also help reduce travel barriers, particularly for those consumers who are in need of intensive outpatient services, and help us to reduce inpatient days and in some instances eliminate the need for hospitalizations.

A 4-bed Intermediate Care Facility is being built in Rolla and will be operational in February to serve clients with developmental disabilities who have higher levels of functional challenges.

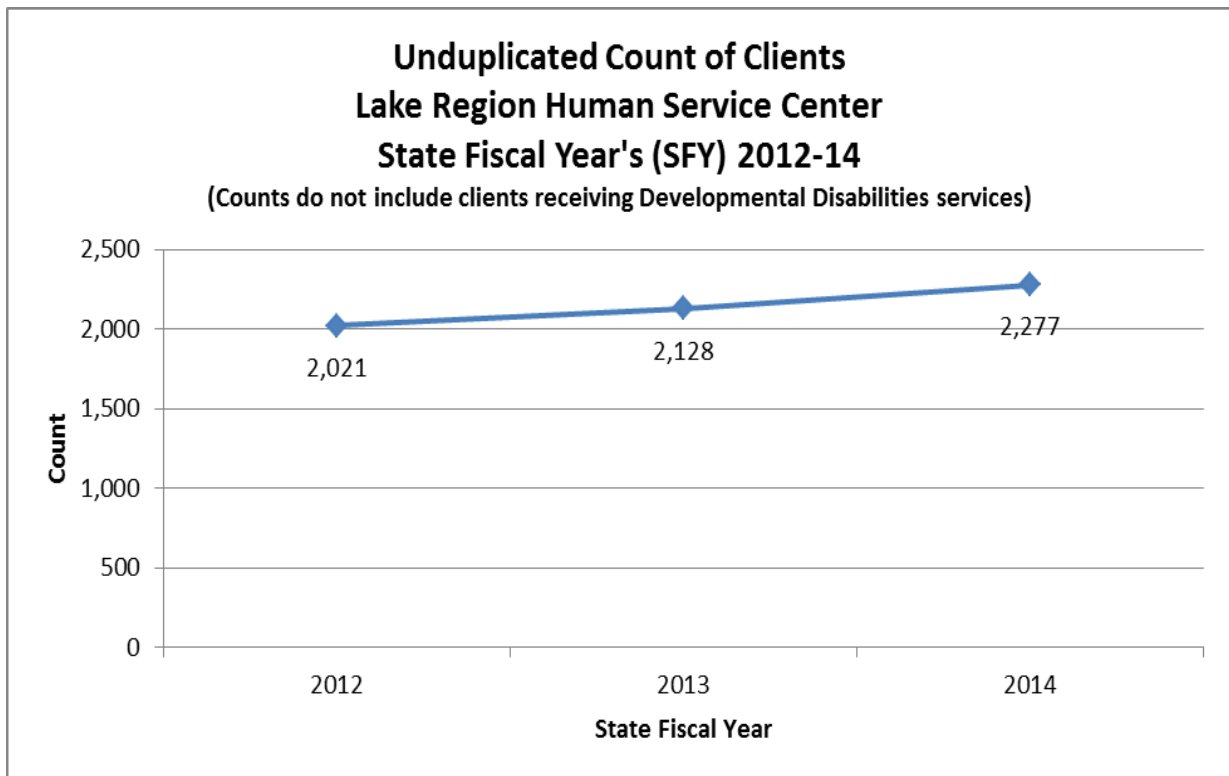
A transitional living (TL) facility has been a missing component of care for individuals with serious mental illness in the region. A transitional living facility was funded for the 13-15 biennium. We had to reissue the Request For Proposal but now have a provider in place and plan to have the TL facility operational by March 2015. This facility could also serve potential State Hospital referrals and reduce hospital stays for the region.

Based on the 2013 Census estimate, the population of Lake Region is approximately 41,630. Census numbers have remained stable, with a modest overall population increase of 338 residents compared to 2010. However, regional economic and other health care disparities continue to result in a higher demand for human services, with LRHSC having 5.7% of the state's population but serving 10.5% of all adults, and 13.5% of all children seen by human service centers, (SFY 2014).

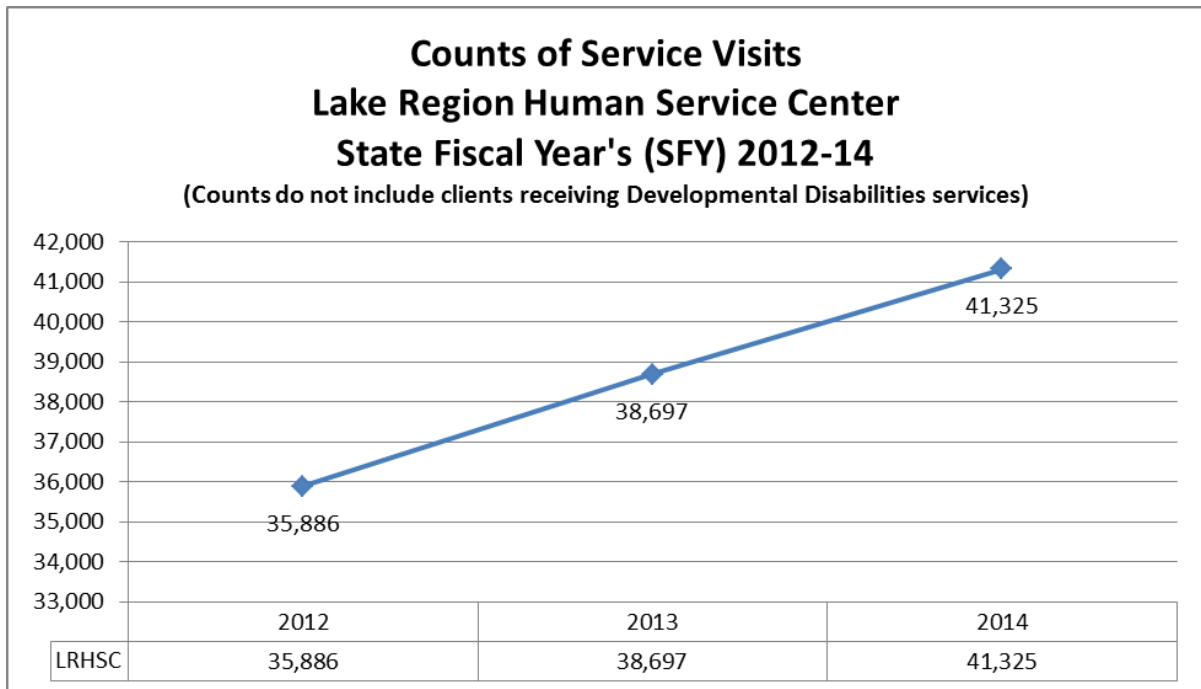
The poverty rate and unemployment rate in the region remains at essentially twice the state average, and two of the region's counties are identified among the three North Dakota counties deemed "persistent

poverty” counties, meaning that poverty rates have remained stable during the time span encompassing the 1990, 2000, and 2010 census years. Based on SFY 2013 Economic Assistance data, 37% of all Temporary Assistance for Needy Families (TANF) recipients in North Dakota reside in this Region, including 2,106 children and adolescent recipients.

Caseload/ Customer Base:



The services included in the chart above are: individual, family and group therapy, medication management, case management/care coordination, evaluations and assessments.



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Selected Programs – Client Count:

Unduplicated Counts of Clients by Selected Programs Across the Human Service Centers July 2013 through June 2014

	NWHSC	NCHSC	LRHSC	NEHSC	SEHSC	SCHSC	WCHSC	BLHSC
Chemical Dependency	215	538	755	940	1162	387	1193	165
SMI Extended Care	88	174	92	420	724	249	359	102
Medical Services	708	1351	861	1270	1674	1157	1634	632
Outpatient Services	344	811	956	1252	1322	1078	1577	758
Children's Partnership Program	1	108	16	130	186	20	173	10
Low Intensity Offender Treatment		17	3	48	106		114	36

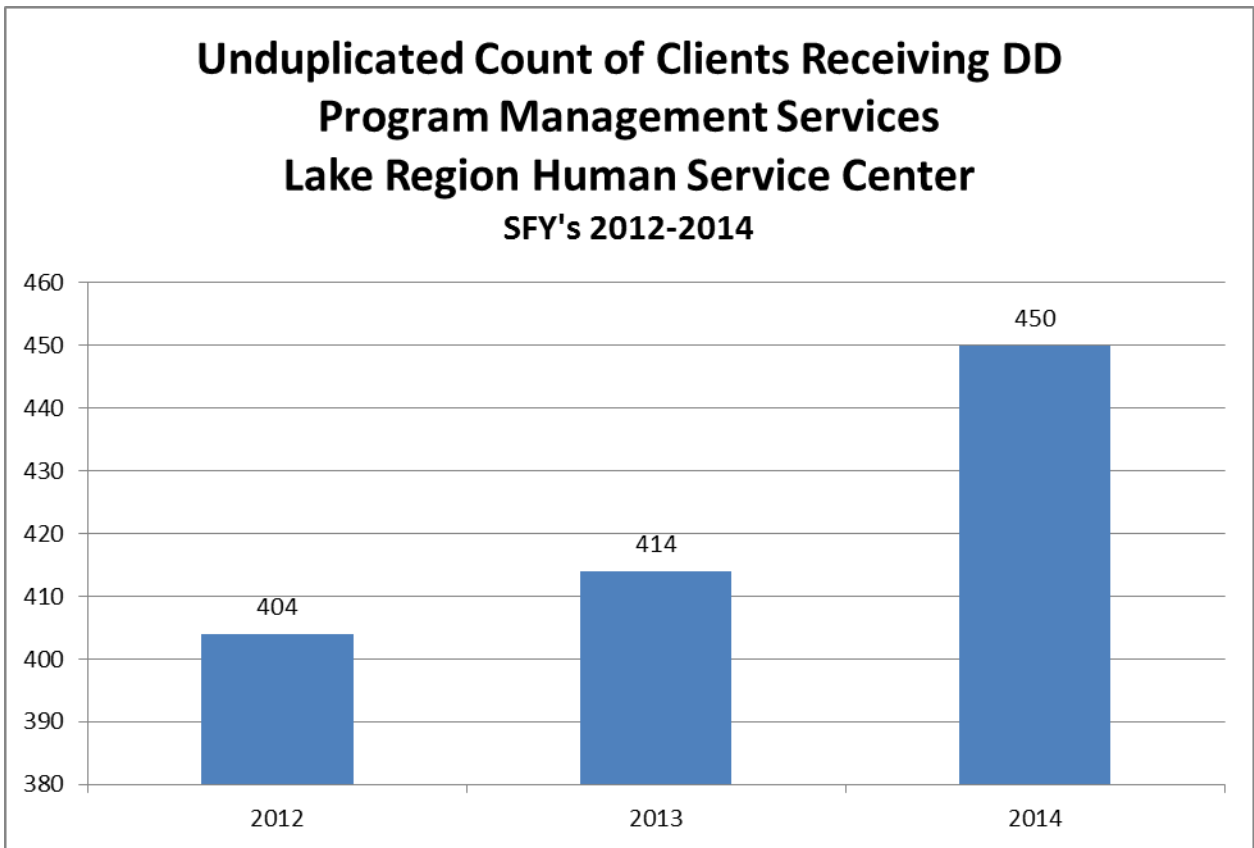
ROAP Program Enrollment Extract for SFY 2014. The data exclude program enrollments for Adolescent Treatment Center, Developmental Disabilities, Intellectual Disabilities/Mental Illness, HealthTracks, Infant Development, and Supported Employment.

Payment Type:

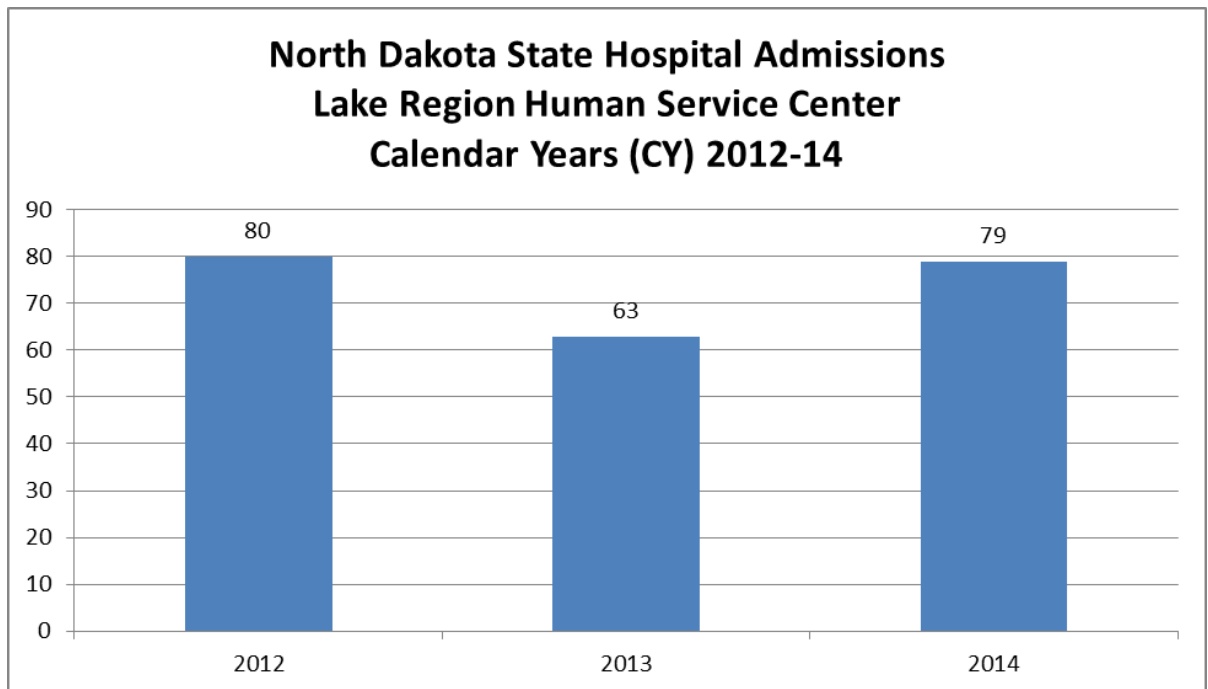
Percent of Patients Visits by Insurance Type in SFY 2014 (7/1/2013 – 6/30/2014)

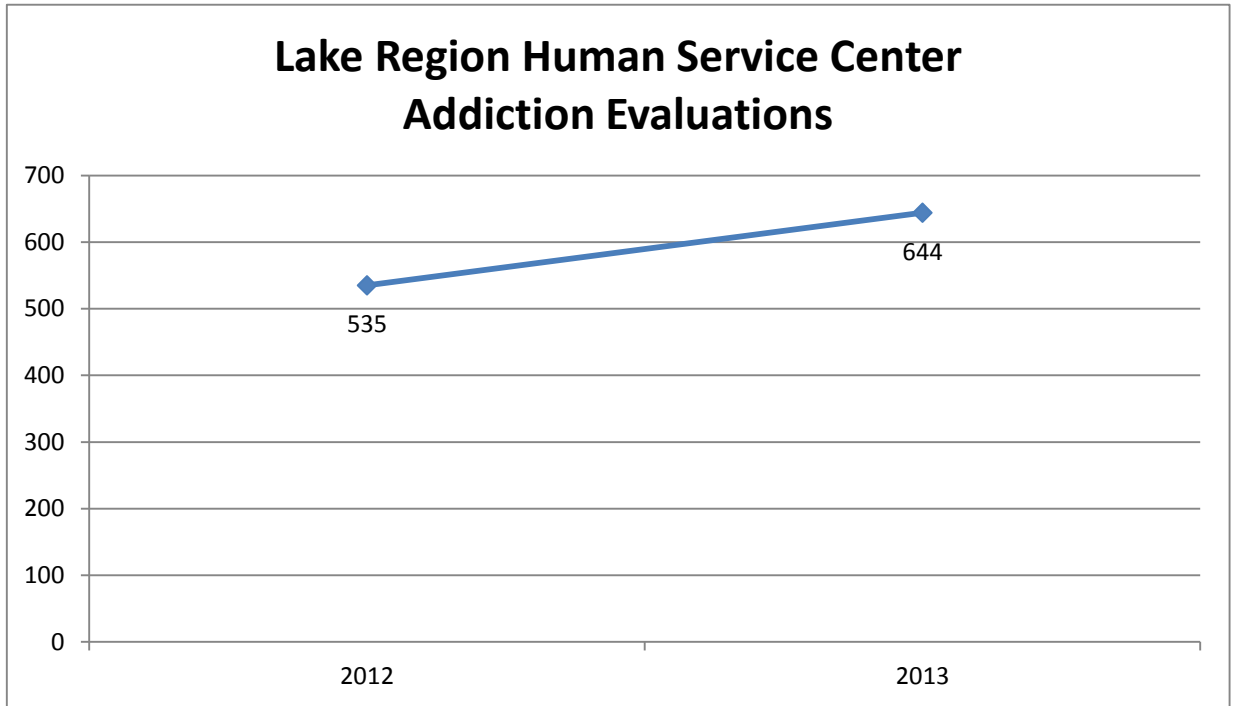
	NWHSC	NCHSC	LRHSC	NEHSC	SEHSC	SCHSC	WCHSC	BLHSC
1) Medicare	2.6%	2.7%	4.5%	3.6%	3.2%	5.2%	3.0%	4.6%
2) Medicaid	51.7%	24.5%	34.4%	42.3%	44.0%	52.7%	36.6%	37.6%
3) Private Insurance	13.5%	9.4%	11.7%	9.4%	5.5%	8.0%	9.9%	16.5%
4) Sliding Fee Schedule	29.4%	61.7%	47.4%	38.4%	45.1%	23.5%	40.7%	20.0%
5) Self-Pay	2.8%	1.8%	2.0%	6.3%	2.2%	10.7%	9.9%	21.3%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Developmental Disabilities (DD) Program caseload continues to grow:



- There is no inpatient mental health or substance abuse program available within the Region, so the region utilizes the North Dakota State Hospital (State Hospital) and private facilities. Admissions to the State Hospital have been level for this biennium, suggesting that Lake Region is managing more of our vulnerable clients locally, and able to maintain even though the demand for mental health and addiction services is increasing.





- Center staff are also reporting an increase of substance abuse of young adults who have children. It has been reported for much of the past two years that one of our local hospitals has been averaging five births per month where the infants are testing positive for substances. This number of babies born is verified through the number of Child Protection Service reports received in the Lake Region.

Child Welfare Services:

Total Number of Paid (reimbursement to county social services for completing an assessment) Child Protection Service Assessments per Region

Region	SFY 2012	SFY 2013	SFY 2014
Northwest	365	373	378
North Central	698	690	789
Lake Region	271	281	379
Northeast	922	908	935
Southeast	1,347	1,422	1,411
South Central	226	240	246
West Central	906	930	967
Badlands	295	287	451
Total	5,030	5,131	5,556

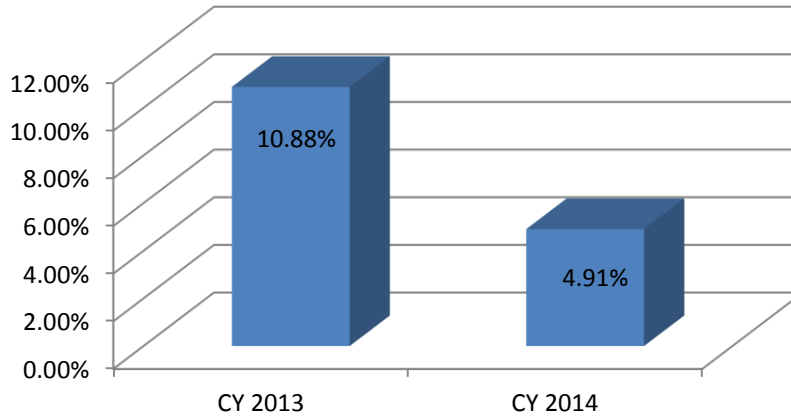
FRAME CPS Payment Report data

Number of Children in Foster Care by Region
(as of the last day of the state fiscal year)

Region	SFY 2011	SFY 2012	SFY 2013	SFY 2014
Northwest	72	96	112	135
North Central	93	99	111	129
Lake Region	114	106	128	163
Northeast	141	155	186	225
Southeast	228	251	239	244
South Central	57	62	96	78
West Central	172	169	192	194
Badlands	40	59	52	74
Total	917	997	1,116	1,242

Frame FC Demographic Report data – point in time

Lake Region Human Service Center Staff Turnover Rates



Overview of Budget Changes – Lake Region Human Service Center

Description	2013 – 2015 Budget	Increase / (Decrease)	2015 – 2017 Executive Budget	Senate Changes	2015-2017 Budget To House
HSC/Institutions	13,129,499	1,735,103	14,864,602	(221,910)	14,642,692
General Fund	7,820,337	536,536	8,356,873	(205,475)	8,151,398
Federal Funds	4,728,507	1,110,729	5,839,236	(16,435)	5,822,801
Other Funds	580,655	87,838	668,493	0	668,493
Total	13,129,499	1,735,103	14,864,602	(221,910)	14,642,692
Full Time Equivalent (FTE)	63.00	1.00	64.00		64.00

Budget Changes from Current Budget to the Executive Budget:

The overall budget increase of \$1,735,103 can be mainly attributed to the following:

- \$842,143 in total funds, of which \$775,619 is general fund needed to fund the Governor's compensation package.
- \$161,664 in total funds, of which \$110,051 is general fund needed to continue the employee increases approved by the last Legislative Assembly.
- \$136,689 total funds of which \$77,913 is general fund was included in the Executive Budget for the addition of a Developmental Disabilities program manager in order to meet the required client to staff ratio of 60:1.
- \$235,399 in total funds, of which \$141,710 is general fund, needed for a physician assistant position, to replace the temporary psychiatrist who retired this past year, and to better meet the psychiatric service needs of the region. The FTE was transferred from another area within the Department during the current biennium. This budget is not requesting the authorization of an additional FTE.
- The salary underfunding changed from \$134,837 to \$158,318, which is a net change of (\$23,481).
- A rental increase of \$133,918 as the result the building sale of the current Devils Lake office and a relocation of the Rolla outreach office. With no available sites in Rolla, a local contractor offered to build a new building for the Center. The new building allows for growth in this increasing population area. Cost of this new facility

is \$12.50 per square foot for a total increase related to this change of \$62,746.

- An increase of \$39,529 in Travel costs of which \$37,177 is mainly due to the increased rates established by the Department of Transportation for fleet services vehicles.
- An increase of \$17,833 in IT-Communications mainly due to the new office in Rolla and the implementation at that office of the State's new phone system.
- An increase of \$14,466 in Repairs of which \$12,000 is related to janitorial costs for the new Rolla office with the remainder being increased maintenance costs for office equipment.
- The Grants, Benefits and Claims increased by \$45,743, and is mainly attributed to the following:
 - An increase of \$158,980 for the 4%/4% inflationary increase for contracted providers.
 - An increase of \$24,000 for the Rolla Crisis Residential unit due to an increase in rent of \$1,000/month. The rent had not increased since the start of the unit in the early 1990's.
 - An increase of \$40,544 to continue the current biennium's 4%/4% into the next biennium.
 - A decrease of \$260,649 in A&D grants as the result of the loss of available long term A&D residential services. The Center had assisted in funding this program on the Spirit Lake reservation. However, a loss of funding from other sources resulted in the program no longer being offered.

Senate Changes:

\$182,165 in total funds, of which \$165,730 is general fund to decrease the Governor's compensation package to reflect a change in the state employee performance increase from 3% - 5% to 2% - 4%, remove market policy point equity increase, and to remove the 1% retirement contribution.

\$39,745 in total funds, of which \$39,745 is general fund to decrease the annual provider inflation from 4% to 3% each year of the biennium.

This concludes my testimony on the 2015 – 2017 budget request for Lake Region Human Service Center. I would be happy to answer any questions.

Northeast Human Service Center

The NEHSC serves Grand Forks, Nelson, Walsh, and Pembina counties. The NEHSC is located in Grand Forks with a satellite office in Grafton and an outreach site in Cavalier.

NEHSC has responded to increased demands for evaluation and treatment in the most remote parts of our region by increasing services through our Grafton office and also offering services from a satellite office in Cavalier and utilizing a donated office space in Walhalla.

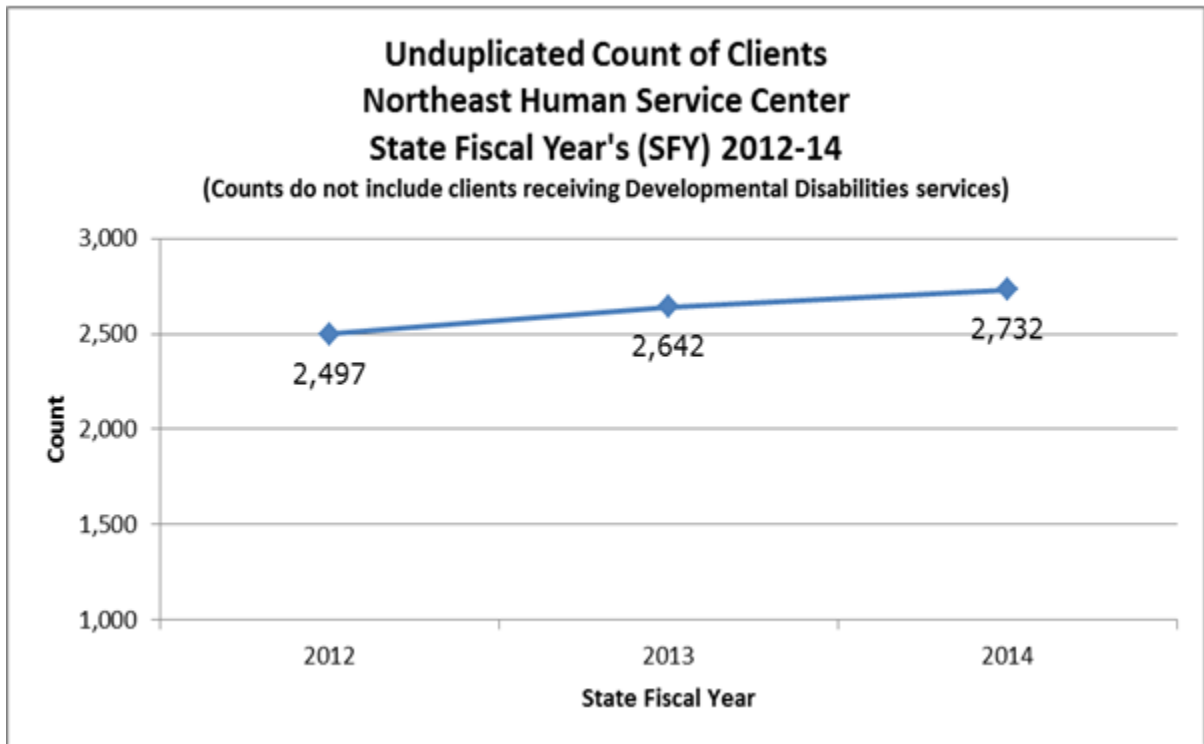
Based on the 2013 Census Estimate, the population of this region is approximately 90,559. This represents 12.5 percent of the state's population. 11.4 percent of the state's children, 18,516, reside in this region.

NEHSC is part of a community committee that is working to develop a social detoxification facility in Grand Forks. The Mayor's committee has been increasing community awareness and commitment to developing a social detox facility. A partnership of NEHSC, Grand Forks City, Grand Forks County, Altru Health Systems, and the University of North Dakota is working on the project.

This region continues to have a shortage of infant care. Twenty-three waivers were issued allowing an additional child with a child care provider. Grand Forks City is exploring the possibility of changing city ordinance to allow more children in a licensed group or family home as allowed under North Dakota century code.

Ruth Meiers Adolescent Center continues to serve adolescents from across North Dakota who are experiencing serious mental health issues. Trends impacting the delivery of services include a steady increase in the number of referrals where the adolescents are more aggressive and assaultive and those who have significant cognitive impairments.

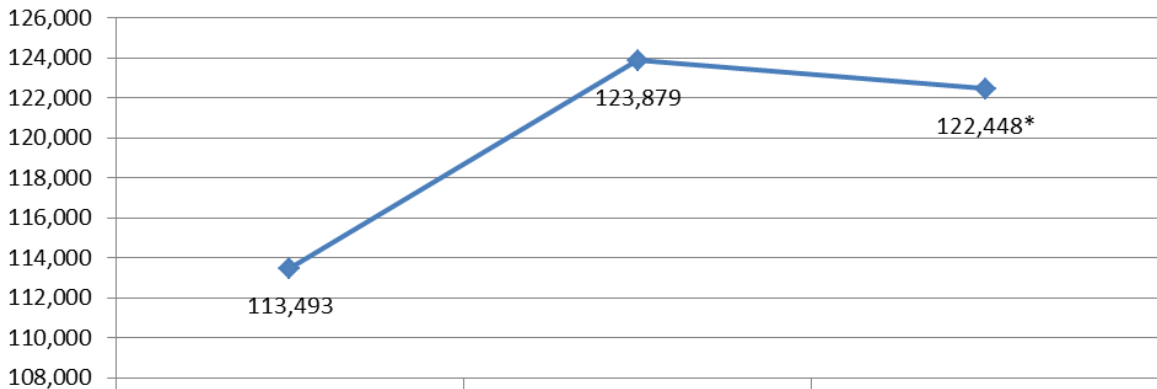
Caseload/Customer Base



The services included in the chart above are: individual, family and group therapy, medication management, case management/care coordination, evaluations and assessments.

**Counts of Service Visits
Northeast Human Service Center
State Fiscal Year's (SFY) 2012-14**

(Counts do not include clients receiving Developmental Disabilities services)



	2012	2013	2014
NEHSC	113,493	123,879	122,448*

The services included in the chart above are: individual, family and group therapy, medication management, case management/care coordination, evaluations and assessments.

*The slight decrease in services from SFY 2013 to SFY 2014 was due largely to vacancies in clinical positions including a long-term, hard-to-fill vacancy.

Selected Programs – Client Count:

**Unduplicated Counts of Clients by Selected Programs Across the Human Service Centers
July 2013 through June 2014**

	NWHSC	NCHSC	LRHSC	NEHSC	SEHSC	SCHSC	WCHSC	BLHSC
Chemical Dependency	215	538	755	940	1162	387	1193	165
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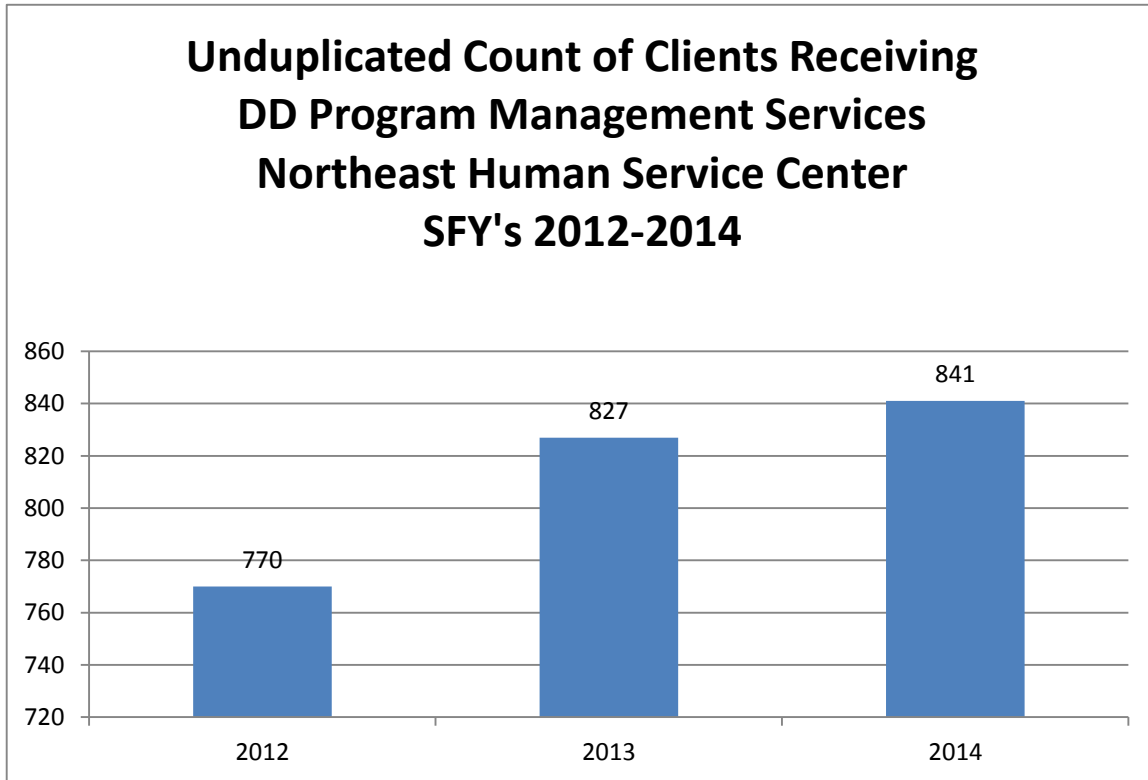
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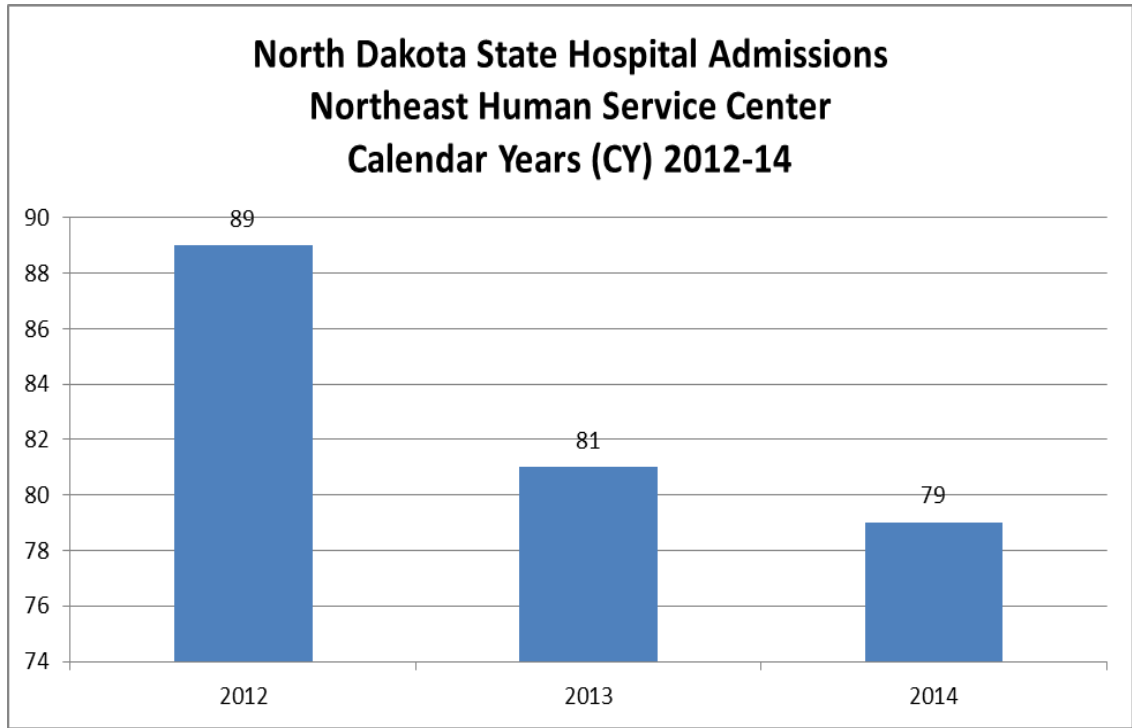
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Percent of Patients Visits by Insurance Type in SFY 2014 (7/1/2013 – 6/30/2014)

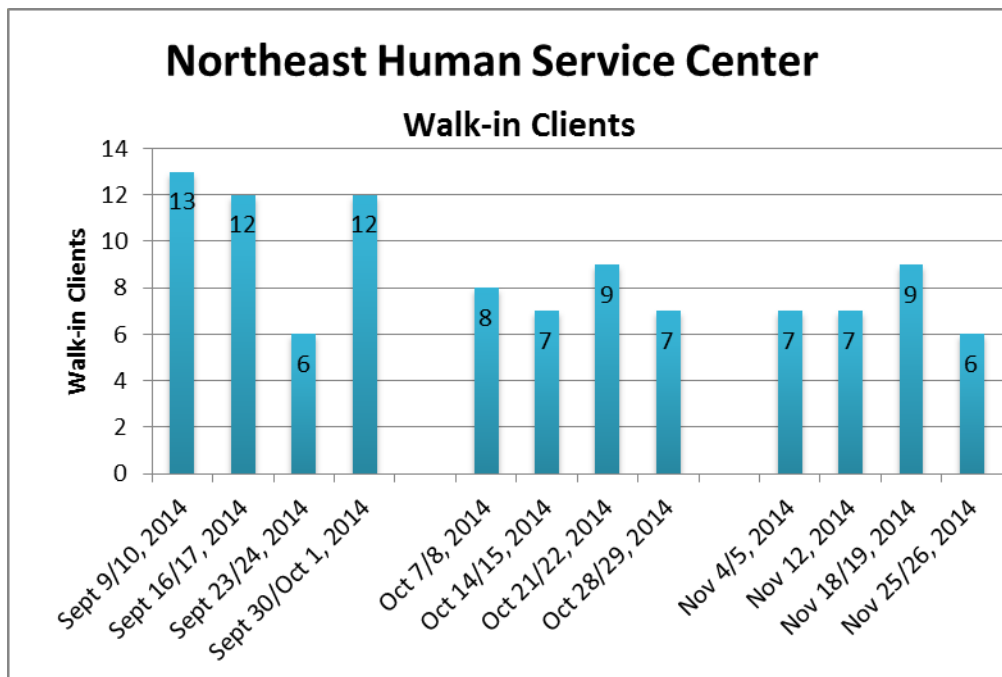
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1) Medicare	2.6%	2.7%	4.5%	3.6%	3.2%	5.2%	3.0%	4.6%
2) Medicaid	51.7%	24.5%	34.4%	42.3%	44.0%	52.7%	36.6%	37.6%
3) Private Insurance	13.5%	9.4%	11.7%	9.4%	5.5%	8.0%	9.9%	16.5%
4) Sliding Fee Schedule	29.4%	61.7%	47.4%	38.4%	45.1%	23.5%	40.7%	20.0%
5) Self-Pay	2.8%	1.8%	2.0%	6.3%	2.2%	10.7%	9.9%	21.3%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Developmental Disabilities (DD) Program caseload continues to grow:





NEHSC implemented a walk-in clinic for alcohol and drug evaluations in response to best practices and allowing us to respond to client requests/needs immediately.



Child Welfare Services:

Total Number of Paid (reimbursement to county social services for completing an assessment) Child Protection Service Assessments per Region

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Northwest	365	373	378
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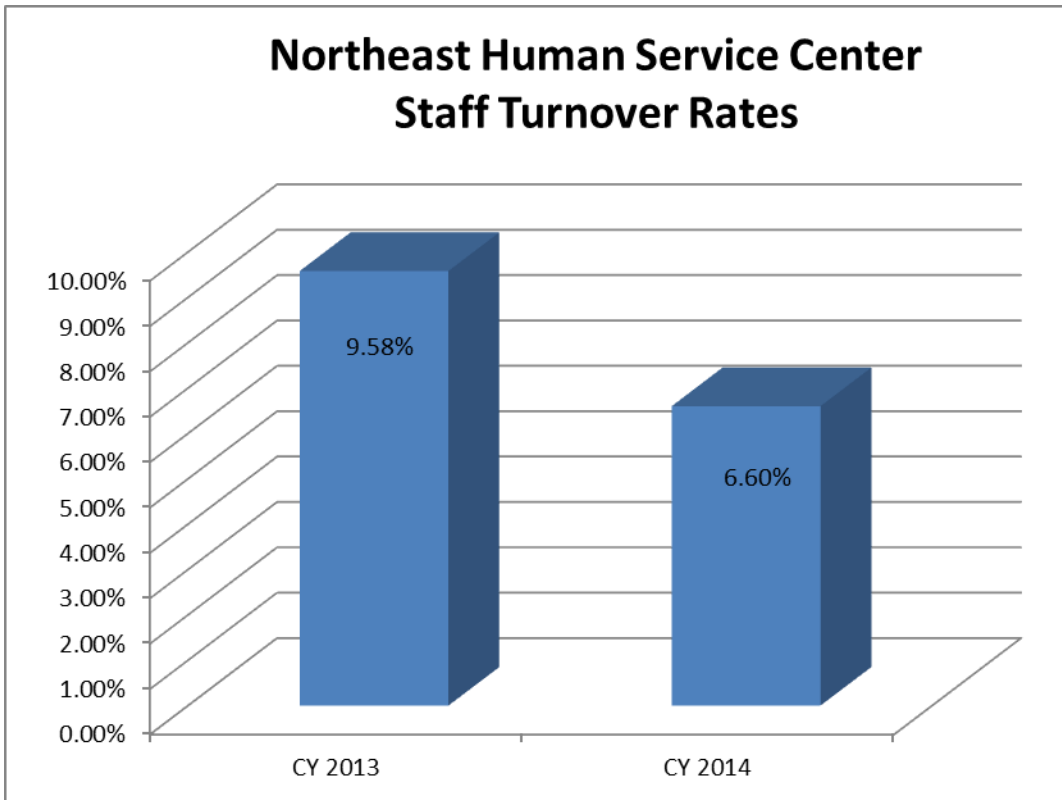
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Staff Turnover Rates



Overview of Budget Changes – Northeast Human Service Center

Description	2013-2015 Budget	Increase / (Decrease)	2015-2017 Executive Budget	Senate Changes	2015-2017 Budget To House
HSCs / Institutions	28,763,703	2,654,853	31,418,556	(448,687)	30,969,869
General Fund	14,223,160	1,631,575	15,854,735	(417,347)	15,437,388
Federal Funds	12,584,366	520,300	13,104,666	(31,340)	13,073,326
Other Funds	1,956,177	502,978	2,459,155		2,459,155
Total	28,763,703	2,654,853	31,418,556	(448,687)	30,969,869
Full Time Equivalent (FTE)	139.95	1.0	140.95	0.0	140.95

Budget Changes from Current Budget to the Executive Budget:

The overall budget increase of \$2,654,853 can be mainly attributed to the following:

- \$1,782,059 in total funds, of which \$1,638,606 is general fund needed to fund the Governor's compensation package.
- \$358,514 in total funds of which \$230,171 is general fund is needed to continue the employee increases approved by the last Legislative Assembly.
- \$136,689 in total funds, of which \$77,912 is general fund, was included in the Executive Budget for the addition of a Developmental Disabilities program manager in order to meet the required client to staff ratio of 60:1.
- The salary underfunding changed from \$266,495 to \$308,943 which is a net change of (\$42,448).
- An increase of \$34,398 in Travel mainly due to an increase in rates established by the Department of Transportation for state fleet vehicles, offset by a reduction in state fleet usage.
- An increase of \$8,696 in Food and Clothing is primarily based on projections of rising food costs for our adolescent treatment facility.
- IT Communications decrease of \$10,371 based mainly on telecommunication rate reductions from the Information Technology Department.
- A decrease of \$10,427 in Fees – Professional Services, all federal funds, due to a reduction in the number of foster grandparents in the Foster Grandparent Program.
- The Grants, Benefits and Claims increased by \$351,691, and is mainly attributed to the following:

- An increase of \$274,704 to cover inflationary increases of 4 percent each year for contracted providers.
- An increase of \$159,708 to support operation of a social detoxification service. Social Detoxification is an essential component of a continuum of care for substance abuse treatment which has been absent in this Region. Through cooperation and financial participation of other public and private agencies, Northeast will coordinate the implementation of this service.
- An increase of \$103,751 for the cost to continue the second year of the provider increases that were given in the current biennium.
- These increases are offset by a decrease of \$120,000 in the contract funding for the SMI Crisis Residential, CD Residential services, and Partnership Tracking/Mentoring contracts, not needed to meet current and projected demand.

Senate Changes:

\$380,011 in total funds, of which \$348,671 is general fund to decrease the Governor's compensation package to reflect a change in the state employee performance increase from 3% - 5% to 2% - 4%, remove market policy point equity increase, and to remove the 1% retirement contribution.

\$68,676, in total funds, of which \$68,676 is general fund to decrease the annual provider inflation from 4% to 3% each year of the biennium.

This concludes my testimony on the 2015 – 2017 budget request for Northeast Human Service Center. I would be happy to answer any questions.