

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 Rosalie Etherington, Superintendent of the North Dakota State Hospital (NDSH) and Chief Clinics Officer for the Department of Human Services (Department). I am here today to provide you an overview of services that make up the budget request for NDSH and the Human Service Centers (HSC).

Programs

Public behavioral health provides a comprehensive continuum of services to a priority set of youth and adults with severe and persistent mental illnesses and substance use disorders that others can't or won't serve. The burden of chronic disease is different than that of acute illness. It robs individuals of health, home, and community. Our services concentrate on those with the severest of such illness, requiring specialized services that concentrate on the behavioral and psychosocial components of health.

We also provide a continuum of emergency services, including open access, community outreach, crisis residential and private community hospital services. Although there are shortages across this continuum it is most evident that we must strengthen our emergency services to prevent unnecessary jail, hospital, emergency room, law enforcement, and first-responder burden.

The Executive Budget for these areas of the Department represents 6.6% of the total Department budget. See **Attachment A** for HSC funding breakdown. The funding supports 8 centers, 5 satellite clinics, 24 outreach offices, the state hospital, and 55 contractors for a combination of crisis, hospital, residential, transitional living, medical, and outpatient services. Of the 716.69 HSC direct service staff, 504 are for behavioral health. NDSH employs an additional 434.45 behavioral health staff.

In SFY16 HSCs served 26,828 registered clients. 9,803 individuals received crisis-line services, only a portion of which is identified in the registered client totals. NDSH served an additional 1,368 individuals, an approximate 600 of whom are not already identified in the HSC registered clients. Service type, length, and intensity vary based on client needs. See **Attachment B** for providing further description of the type and volume of human services provided.

Other HSC human services include case management for individuals with intellectual disabilities and regional oversight of aging, child welfare, vocational rehabilitation, and developmental disabilities programs. Oversight activities include investigation of child and elder abuse, child care and foster care licensing, program oversight for developmental disabilities services, and regulatory oversight for county social services. There has been increased need for child care licensing, investigations of child abuse and neglect, and case management for individuals with intellectual disabilities.

NDSH, continuously accredited since 1956, provides acute, sub-acute, and specialized rehabilitation hospital services for individuals with severe and persistent mental illnesses and substance use disorders. Over 90%

of the hospital service admissions, minus the Jamestown region, come from private psychiatric community hospitals due to violence or need for longer stabilization and psychiatric rehabilitation. We serve, on average, 950 individuals annually with an average of 18 admissions per week and an average length of stay of 55 days.

NDSH also provides specialized residential addiction services for adults under the custody of the Department of Corrections and Rehabilitation. NDSH increased the capacity of the Tompkins Rehabilitation Center (TRC) by 16 in the current biennium and adopted an open-ended group style to accommodate an increased demand. NDSH serves, on average, 370 individuals annually with an average of 7 admissions per week and an average length of stay of 90 days.

We also provide specialized residential services in the Sex Offender Treatment and Assessment Program (SOTEP). The four treatment units have reduced to three due to an increased rate of placement to the Community Transition Center (CTC) and community discharges. Closing one unit allowed for a reduction of 11 FTE with a corresponding budget reduction. We serve, on average, 60 individuals annually with an average of 1 admission monthly. The current census is 52 without great fluctuation.

Program Trends/Program Changes

At the refinement of our core mission we have accomplished statewide progress in key initiatives to improve service access, effectiveness, and efficiency.

Our work is not without challenges. We face statewide and chronic workforce shortages in key clinical areas of psychiatry, psychology, addiction counseling, and nursing. These shortages, coupled with lengthy recruitment times, adversely affect service availability, service quality, staff turnover, overtime, and client satisfaction.

It takes NDSH, on average, 142 days to hire a nurse, 545 days to hire a psychologist, and 905 or more days to hire a psychiatrist. Our psychologist and psychiatrist vacancies are currently at 50% and our registered nurse vacancies are at 17%.

The forensic psychologist shortage is currently the most critical, with three long-term vacancies. Forensic psychologists are necessary for court ordered criminal responsibility, criminal competency, and sex offender evaluations. These vacancies have required contracting with specialists from outside the state. Other statewide efforts to minimize the adverse effects of workforce shortages include:

- Telehealth expansion for prescribing, addiction assessment, addiction counseling, and psychological testing
- Increased student, intern, and residency training
- North Dakota Hospital Association psychiatrist recruiting contract

The HSCs and NDSH also face an increased risk of violence toward staff due to improved outreach to individuals with the most severe conditions, some of whom, untreated, display high rates of aggression. Efforts taken to meet these challenges include:

- Targeted staff training for violence prevention
- Targeted security improvements for violence prevention

The increased rate of violence is particularly difficult in the hospital setting and reflects an intensity and severity of patient needs. The NDSH targeted staff training, safety precautions, and improved security measures have reduced this violence. The safety precautions resulted in increased staffing ratios due to medically necessary patient observations and interventions. In spite of this intense staffing ratio our daily rate, which is a reflection of total treatment cost, remains the lowest psychiatric hospital rate in the state. See [Attachment C](#) for success in reducing institutional violence.

NDSH plant infrastructure supports James River Correctional Center (JRCC), work space for Protection and Advocacy and Head Start, and the state hospital which includes TRC and SOTEP. It also supports temporary dwelling for psychiatry residents, students, and transitioning hospital patients and sex offender residents. We also provide training space for the National Guard, local law enforcement, and JRCC. During the current biennium, we upgraded the critical capital support equipment and the heating plant, repaired roofs, and removed asbestos. We have identified a number of other necessary capital improvements to assure continuity of operations, the majority of which were removed in the Savings Plan.

Overview of budget changes to the HSC and NDSH are as follows:

Overview of Budget Changes – State-Wide HSC

Description	2015 - 2017 Budget	2017 - 2019 Executive Budget	Increase / (Decrease)
HSCs/Institutions	8,726,502	5,873,021	(2,853,481)

General Fund	7,107,295	4,783,751	(2,323,544)
Federal Funds	1,619,207	1,089,270	(529,937)
Other Funds	0	0	0
Total	8,726,502	5,873,021	(2,853,481)

Full Time Equivalent (FTE)	7.00	7.00	0.00
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Budget Changes from Current Budget to Executive Budget:

The overall budget decreased by \$2,853,481 and is attributed to the following:

- \$28,560 in total funds, of which \$23,784 is general fund needed to fund the Governor’s compensation package for State employees.
- \$16,849 in total funds, of which all is general fund needed to sustain the employee increases approved by the last Legislative Assembly.
- A decrease of \$409,883 in Salaries and Wages to reclassify a Physician to a Nurse Practitioner.
- An increase of \$12,300 in Supply/Material – Professional for training materials for prevention and intervention of suicide as well as accreditation manuals at the Human Service Centers.
- A decrease of \$83,277 in Miscellaneous Supplies due to less need in this area.

- A decrease of \$8,182 in IT-Communications based on utilization and a reduced number of phones due to more employees working from home.
- A decrease of \$31,230 in Professional Development due to discontinuing the National Council for Behavioral Health Membership and the Department-wide process used to develop the Department's savings plan.
- Grants, Benefits and Claims decreased by \$2,382,345. See **Attachment D** for a schedule of the Cost and Caseload changes in this area.

The general fund request decreased by \$2,323,544. \$1,993,516 is related to decreases in costs and caseloads, and the remaining increase is due to other salary and operating changes as described above.

Overview of Budget Changes – HSC Combined

Description	2015 - 2017 Budget	2017 - 2019 Executive Budget	Increase / (Decrease)
HSCs/Institutions	201,371,171	198,364,823	(3,006,348)
General Fund	120,487,908	115,074,513	(5,413,395)
Federal Funds	71,093,348	68,753,676	(2,339,672)
Other Funds	9,789,915	14,536,634	4,746,719
Total	201,371,171	198,364,823	(3,006,348)
Full Time Equivalent (FTE)	851.9	860.4	8.5

Budget Changes from Current Budget to Executive Budget:

The overall budget decreased by \$3,006,348 and is attributed to the following:

- \$3,063,928 in total funds, of which \$2,575,836 is general fund needed to fund the Governor's compensation package for State employees.
- \$1,611,032 in total funds, of which \$1,471,098 is general fund needed to sustain the employee increases approved by the last Legislative Assembly.
- The salary underfunding changed from \$2,146,091 to \$3,250,498, which is a net change of (\$1,104,407).
- A decrease of \$774,692 in Salaries Other mainly attributable to no longer providing oil impact dollars to staff in the western regions of the state.
- A decrease of 1.0 FTE and \$204,259 in total funds, of which \$43,507 is general fund, due to the retirement and reorganization of duties of a Lake Region Human Service Center (LRHSC) Vocational Rehabilitation employee.
- An increase of 7.0 FTE and \$552,490 in total funds of which \$320,423 is general fund for the addition of Developmental Disabilities case manager positions at the following: 1 at the North Central Human Service Center (NCHSC); 1 at the LRHSC; 1 at the Northeast Human Service Center (NEHSC); 3 at the Southeast

Human Service Center (SEHSC); and 1 at the South Central Human Service Center (SCHSC). The FTEs were transferred from the Life Skills and Transition Center to meet the required client to staff ratio of 60:1.

- An increase of 2.5 FTE and \$442,387 in total funds of which \$347,357 is general fund for Child Welfare positions at the following: 1 at the LRHSC, 1 at the SEHSC and .5 at the BLHSC.
- An increase of \$349,774 to add an additional 32 hours per month for a temporary psychiatrist position currently working 16 hours per month and a full time temporary support staff position to assist with increased need due to Open Access and increased background checks for additional child welfare programs.
- \$892,804 increase in Overtime mainly attributable due to the requirements of the Fair Labor Standards Act.
- A decrease of \$560,210 in Travel due to the Department-wide process used to develop the Department's savings plan.
- A decrease of \$96,154 in Miscellaneous Supplies with a majority of the decrease attributed to less need in this area.
- A decrease of \$49,766 in Office Equipment & Furniture Under \$5,000.
- An increase of \$350,456 in Rentals/Leases Buildings/Land and is mainly attributed to the following:
 - \$92,538 increase at NEHSC due to a \$1.19 per square foot rate increase on the main office space in the Grand Forks

County Office Building as a result of increased operating costs.

- \$192,320 increase at SEHSC for Vocational Rehabilitation rental space.
- \$20,057 increase at the West Central Human Service Center (WCHSC) due to changes in housing assistance within the addiction programming.

- A decrease of \$109,097 in Professional Development due to the Department-wide process used to develop the Department's savings plan.

- Grants, Benefits and Claims decreased by \$5,098,571 and is mainly attributed to the following:
 - \$2,382,345 decrease in the State-wide Crisis Care Services contracts noted in Attachment A.
 - \$903,983 decrease at NCHSC, for a ten bed residential facility. The funding was granted and NCHSC completed two requests for proposal (RFP) without vendor applicants. The Department no longer will be operating Kay's Place as a Residential Child Care Facility (RCCF) and will operate a crisis residential unit with these existing resources.
 - \$598,584 decrease at SCHSC due to changing the independent living services contract from a bed day rate to a per unit rate.
 - \$708,883 decrease at WCHSC to discontinue services at Heritage House, a 7-bed transitional living facility for clients with chemical dependency, wrap around services will be

provided that reduce the need for more expensive and a higher level of care.

- \$259,498 decrease at WCHSC for Youth Residential Services based on current costs of services.

The general fund request decreased by \$5,413,395. Of this total decrease, \$1,993,516 related to decreases in costs and caseloads, and the remaining decrease is due to other salary and operating changes for combined Human Service Centers as described above.

Overview of Budget Changes – State Hospital

Description	2015 - 2017 Budget	2017 - 2019 Executive Budget	Increase / (Decrease)
HSCs/Institutions	70,585,135	69,040,157	(1,544,978)
General Fund	49,089,567	44,215,500	(4,874,067)
Federal Funds	2,165,701	3,076,902	911,201
Other Funds	19,329,867	21,747,755	2,417,888
Total	70,585,135	69,040,157	(1,544,978)

Full Time Equivalent (FTE)	369.9	368.9	-1.0
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Budget Changes from Current Budget to Executive Budget:

The overall budget decreased by \$1,544,978 and is attributed to the following:

- \$1,297,557 in total funds, of which \$1,295,271 is general fund needed to fund the Governor’s compensation package for State employees.

- \$737,993 in total funds, of which all is general fund needed to sustain the employee increases approved by the last Legislative Assembly.
- The salary underfunding changed from \$843,369 to \$1,493,195, which is a net change of (\$649,826).
- A decrease of \$111,957, of which 100% is general fund for a reduction of 1.0 FTE for a security officer due to the closing of a sex offender unit on the State Hospital grounds.
- A decrease of \$678,772 in Temporary Salaries and Overtime based upon FTE's being filled resulting in less overtime worked by staff and less temporary staff hired.
- A decrease of \$148,636 in Travel due to the Department-wide process used to develop the Department's savings plan.
- An increase of \$94,459 in Food and Clothing due to the increased cost of meals provided to patients.
- A decrease of \$109,444 in Building, Grounds and Vehicle Supply based on estimated need.
- A decrease of \$104,501 in Miscellaneous Supplies based on actual expenditures for the first year of the 2015-2017 biennium.

- An increase of \$46,098 in Utilities based upon actual usage to date and anticipated inflationary increases in rates of 3% each year.
- An increase of \$367,539 in Repairs including \$150,000 for a topographical survey of all sanitary and storm sewers, \$66,670 for jetting to maintain sewer lines and for repair and maintenance needs of an aging infrastructure.
- A decrease of \$52,458 in Professional Development due to the Department-wide process used to develop the Department's savings plan.
- A decrease of \$39,009 in Operating Fees and Services with the majority of the decrease due to a decrease in estimated freight costs and fewer staff members eligible for service awards.
- A decrease of \$77,914 in Fees-Professional Services with the majority of the decrease based on actual expenditures for services provided to patients from external Health Care providers.
- A decrease of \$1,061,502 in Extraordinary Repairs based upon a reduction of \$1,156,000 in one time funding of Heating Plant Repairs and Upgrade projects included in the 2015-2017 Budget offset by the 10% need calculation provided by OMB for the 2017-2019 budget.
- A decrease of \$945,349 in extraordinary repairs carried over from projects started in the 2013-2015 biennium; which include a

sanitary sewer project, water control valve project, renovation of an inpatient unit, tuck-pointing repairs and card access system.

- An increase of \$383,299 in Equipment Over \$5,000, primarily due to replacement of the car hoe, purchased in 1983, necessary for the unloading of coal cars.

The general fund request decreased by \$4,874,067. The majority of the decrease is due to one-time, extraordinary and capital carry over projects, the transfer of general funds to Department of Corrections, as well as a change in federal funds and other third party collections.

Overview of Budget Changes – SOTEP

Description	2015 - 2017 Budget	2017 - 2019 Executive Budget	Increase / (Decrease)
HSCs/Institutions	13,118,938	12,354,404	(764,534)
General Fund	13,118,938	12,354,404	(764,534)
Federal Funds	0	0	0
Other Funds	0	0	0
Total	13,118,938	12,354,404	(764,534)

Budget Changes from Current Budget to Executive Budget:

The overall budget decreased by \$764,534 and is attributed to the following:

- \$230,638 in total funds, of which all is general funds needed to fund the Governor’s compensation package for State employees.

- \$221,651 in total funds, of which all is general funds needed to sustain the employee increases approved by the last Legislative Assembly.
- The salary underfunding changed from \$853,618 to \$280,353, which is a net change of \$573,265
- A decrease of \$989,651 in Salary and Wages due to a decrease in 10.0 FTE due to increased community discharges and placement to the hospital Community Transition Center (CTC) resulting in reduced census allowing the closure of one unit.
- A decrease of \$294,616 in Overtime based upon FTE's being filled resulting in less overtime worked by staff and less temporary staff hired.
- A decrease of \$37,080 in Food and Clothing due to a decrease in census.
- A decrease of \$23,086 in Professional Development due to the Department-wide process used to develop the Department's savings plan.
- A decrease of \$59,113 in Fees-Professional Services due to a decrease in sexual dangerousness assessments due to the decreased census.

- A decrease of \$241,748 in Medical, Dental and Optical budget due to a decrease in census less services provided to patients in external Health Care Facilities.

The general fund decreased by \$764,534 primarily due to the closure of a unit in the Sex Offender Assessment and Treatment Program.

This concludes my testimony on the 2017-2019 Executive Budget Request for the Statewide HSC, HSC Combined, State Hospital, and SOTEP services. I would be happy to answer any questions. Thank you.