Testimony
Senate Bill 2012 – Department of Human Services
House Appropriations – Human Resources Division
Representative Pollert, Chairman
March 15, 2011

Chairman Pollert, members of the House Appropriations Committee - Human Resources Division, I am Candace Fuglesten, Director of Southeast Human Service Center (SEHSC) and South Central Human Service Center (SCHSC) for the Department of Human Services (DHS). I am here today to provide you an overview of the budgets for both Centers.

Southeast Human Service Center (SEHSC)

SEHSC provides community behavioral health and safety net services to individuals who live in Steele, Traill, Cass, Ransom, Sargent and Richland counties, in Region V of our State. The region is comprised of 178,472 residents (27.6% of the state's population) as estimated by the 2009 U.S. Census Bureau.

Caseload / Customer Base

- SEHSC provided behavioral health services to 5,102 individuals in State Fiscal Year (SFY) 2010 (4,003 adults and 1,099 children 17 years of age or younger). This total includes 1,247 individuals within the developmental disability (DD) service area. Thirty-seven percent of those individuals have no insurance and 45% are covered by Medicare, Medicaid or another public funding source.
- SEHSC also provided Vocational Rehabilitation (VR) services to 1,451 individuals.

- Due to demand issues and capacity limitations, SEHSC provides all of the established human service center core services, but prioritizes serving the most vulnerable individuals who cannot access services elsewhere in the community/region. Our Admission staff assists individuals requesting non-urgent services, who have the potential to access other community providers, by discussing alternative resources with the caller. Many of these individuals with acute needs then seek those services from other local providers.
- Due to the high demand for case management services for individuals with serious mental illness and/or chronic addiction, we provide those services to those individuals most often accessing higher level of care such as hospitalization, repeat law enforcement encounters, social detox and/or harm to self or others. Individuals who receive case management services require multiple and generally more intensive services.
- Thirty-three percent of all admissions to the North Dakota State Hospital (NDSH) in SFY 2010 came from this region. This is a significant increase from last biennium and a reversal in the trend of decreasing admissions for the region. When MeritCare partnered to become Sanford Medical Center, the mission and purpose of their psychiatric services changed to focus more on acute admissions. This has resulted in decreased local hospital options for SEHSC consumers with severe mental illness; and increased the number of individual with severe mental illness referred by Sanford to SEHSC for services. Hence, local short-term inpatient hospitalization for indigent clients is less available and consumers with severe mental illness referred to SEHSC for outpatient care is growing. Prairie St. John's has stepped up to provide more hospital services to adult individuals with severe

mental illness, but as they are a standalone psychiatric hospital they are unable to collect payment from Medical Assistance adult clients due to the federal institutions for mental disease (IMD) exclusion. All of this has played a role in the increased admissions to the NDSH. Prairie St. John's at this time is also restricting new admissions to their outpatient services, referring many of those individuals to SEHSC.

- We have one 15 bed crisis unit which continues to have high utilization. A triage process is used for admission access**.**
- We also contract for crisis beds for children with severe emotional disorders and crisis/social detox beds for adolescents with substance abuse issues. The addiction crisis beds provide an intensive level of substance abuse residential care in a family setting. Outcomes in this area have been very positive with increased school attendance, reduction in substance use, and successful reintegration into the parental home.
- Many of our clients are involved in the correctional system either at the local jail and court system or after release from prison and under the supervision of Probation and Parole. The SEHSC regional intervention staff works with the jail to triage and identify new individuals that need immediate psychiatric evaluations that are completed by SEHSC staff at the jail. SEHSC most recently completed a formal contract with Cass County Jail, who was awarded a Department of Justice grant to work with community partners in a pilot project of a post-booking diversion program for eligible offenders with mental health diagnoses. As a result of the demonstration project, called the Jail Intervention Coordinating Committee (JICC), Cass County Jail has recognized the benefit and funded a mental health professional to work in the jail and SEHSC has an expedited process in providing case

management services to offenders whose mental illness contributed to their commitment of a crime when the court feel that is an appropriate piece of their sentence. A positive unintended outcome of the project was an increase in getting individuals at the jail who were identified as having mental illness connected with services at SEHSC and with other area providers without the court ordering requirement. Both the jail and the prison work with us to plan for aftercare as much as possible with appointments made as often as possible for the day of release.

- The demand for addiction treatment services for both adults and adolescents in our region continues to grow. During this biennium, we became newly licensed to provide 3.1 American Society of Addiction Medicine (ASAM) level of residential care treatment at both our crisis residential unit and for an additional eight beds at Dakota Pioneer, which is an apartment building housing vulnerable adults. We have also expanded outreach hours in both Lisbon and Wahpeton to meet rural demand. This increased demand occurs at a time that SEHSC is experiencing a difficult time recruiting qualified licensed addiction counselors. SEHSC has implemented a "grow our own" addiction counselor program providing education support and training to current employees to help them obtain an addiction counselor license. Due to the continued expected labor shortage in this area, and expected retirement of a large number of current licensed addiction counselors in the State, this will be an on-going effort for the foreseeable future.
- The turnover rate for all employees at SEHSC during Calendar Year 2009 was 10.84%.

- We have just finished our third full year of implementing the evidence-based practice of Integrated Dual Disorder Treatment (IDDT) which has proven to improve the quality of life for individuals with co-occurring mental and chronic substance use disorders. IDDT outcomes include **reduced** rates of relapse, hospitalization, arrest, incarceration, and utilization of high cost services while **increasing** continuity of care, quality of life outcomes, stable housing, employment, and independent living. This model provides staff with very specific strategies for delivering service. Fidelity reviews led by Ohio Case Western University have been very positive and local outcomes good.
- In conjunction with the University of North Dakota Medical School, SEHSC continues to provide a psychiatric residency training site for a number of doctors each year. This has assisted with recruitment of psychiatrists both at our Center and within the State**.**
- SEHSC was granted a five year accreditation by the American Psychological Association (APA) in November 2009 as an approved internship site. This is the first approved APA accredited site in North Dakota to our knowledge. We believe this will assist in our recruitment efforts of psychologists for the Department, especially those completing their education at the University of North Dakota where they are required to participate in an APA approved intern site. This will provide them a North Dakota State option which has not been available to them before.

Program Trends

- The demographics of the region are shifting. Individuals 85 and older increased by 32% from 2000 to 2008. Fargo-Moorhead continues to have a culturally diverse population which requires interpreters and other special services from the center.
- Area minority groups continue to experience high levels of poverty. The largest increase in poverty since 2000 is among single mothers regardless of ethnic background.
- Seventy-six percent of children under the age of six have both parents working.
- Region V has 40% (111 individuals) of the long term homeless population in North Dakota according to the latest point in time study conducted in January 2010. "That definition is used to describe individuals or families with disabling conditions who have been homeless continuously for at least one year, or more than four times in the last three years (ND Interagency Council on Homelessness)."
- As of December 1, 2010, there were 90 children from Region V in the custody of the Department of Human Services, which is a slight increase from last biennium.
- There are between 300-350 children in foster homes in the region during a year which mirrors the State trend of declining numbers.
- There is a trend statewide and locally of placing more children with relatives instead of existing foster homes, if it can be done safely. Cass County is part of a pilot project of convening a meeting of the extended family when children are taken into custody so the family can help decide if there are family members able and willing to provide care for the children.

- There is also a trend statewide that shows children once placed with the Division of Juvenile Services are now being referred to county social services. The philosophy is that some of the children that entered the juvenile correction system were neglected and abused children and the social service system could better meet their needs.

Overview of Budget Changes

Description	2009 - 2011 Budget	Increase / Decrease	2011 - 2013 Executive Budget	Senate Changes	To House
SEHSC	30,339,652	8,125,068	38,464,720	-	38,464,720
General Funds	14,235,049	7,950,684	22,185,733	-	22,185,733
Federal Funds	14,748,761	396,283	15,145,044	-	15,145,044
Other Funds	1,355,842	(221,899)	1,133,943	-	1,133,943
Total	30,339,652	8,125,068	38,464,720	-	38,464,720

FTE	182.35	(.20)	182.15	-	182.15

Budget Changes from Current Budget to the Executive Budget:

The salary and wages line item increased by $2,525,038 which is primarily attributed to the following:

- $1,319,916 in total funds of which $1,064,086 is general fund to fund the Governor's salary package;
- $476,950 in total funds of which $339,351 is general funds to fund the second year employee increase for 24 months versus the 12 months that are contained in the current budget;
- An increase of $115,044 to cover an underfunding of salaries from the 2009 – 2011 budget;
- A decrease of $99,079 to underfund the 2011 – 2013 pay plan;

- $70,299 to provide for the annual and sick leave lump sum payouts for 11 FTE's expected to retire;
- $92,059 in total funds of which $88,790 is general fund to maintain our current temporary employees;
- A decrease of $32,278 in the budget for overtime; and
- During the current biennium, $503,146 was transferred from the salaries – permanent budget account code to the temporary salaries budget account code to meet the increased demand for services and to prevent waiting lists. The increase is included as part of the continuing program changes in the salaries – permanent budget account code.
- The remaining increase of $78,981 in the salaries and fringe benefits portion of the budget is a combination of increases and decreases needed to sustain the salary of the 182.15 FTEs and temporary employees in this area of the budget.

The operating line item increased by $65,636 and is a combination of increases and decreases expected next biennium. The majority of changes can be explained as follows:

- increased rent of $12,803 for the Off Main (dual diagnosis mental health/substance abuse) facility;
- $62,289 of federal funds, in operating fees, for vulnerable adults ombudsman program to fund local point of contact and outreach services;
- $10,981 inflation and demand increase for janitorial, drug testing and interpreter services;
- increase of $21,441 in professional service fees for the cost of the accreditation survey for our sheltered workshop during the 2011-2013 biennium;

- $7,330 decrease in motor pool costs due to removing budgets for federal part C programs from the Center budget.
- a decrease of $33,211 for staff training due to making the amount uniform for each staff in the department;
- The operating increases have a total increase of $37,857 of general fund.

Grants increased by $5,534,394 primarily based on the following:

- Inflationary increases of 3% each year for providers for a total of $265,241;
- An increase of $201,203 to continue an eight bed short term substance abuse residential facility that was established in August 2010 based upon need;
- $498,502 for an additional 24 hour contracted staff program coverage for the Cooper Apartments to ensure safety;
- $939,159 for a 15 bed substance abuse residential facility;
- $25,000 for peer support services at the Recovery Center
- A decrease of $206,339 in the medical detox contract due to the discontinuance of medical detox services for the chemically dependent population by the provider;
- $384,000 for continuing a supported employment project for individuals with mental illness;
- $3,431,017 for the increased need of inpatient hospital services for indigent HSC clients across the State. One contract for all human service centers will apply a uniform Medical Assistance equivalent rate and consistent contract specifications for all providers of the hospital service;
- These grant line increases/decreases account for $4,570,994 of general funds.

- General fund was also increased by $1,421,236 due to decreased collections and a decrease in the federal medical assistance percentage (FMAP).

In summary, the general fund request increased by $7,950,684 with 24% of that increase ($1,928,425) related to the Governor's salary package for State employees and other salary increases. The grants line accounts for $4,570,994 of the increase which is 57% of the increase. The remaining increase of $1,451,265 is associated with the increase in the operating changes and the loss of federal and other funds described above.

Senate Changes:

The Senate made no changes to this section of the Department's budget.

South Central Human Service Center (SCHSC)

SCHSC provides community services to individuals who live in Foster, Wells, Griggs, Barnes, Stutsman, LaMoure, Dickey, McIntosh and Logan counties. This region is comprised of 54,506 residents (8.4% of the state's population) as estimated by the 2009 U.S. Census Bureau and covers 10,441 square miles.

Caseload / Customer Base

- SCHSC continues to provide clinical services in Valley City, Oakes, Carrington, Cooperstown, LaMoure, Wishek and Fessenden. In addition, clinicians who work with individuals with serious mental illness, vocational rehabilitation needs and developmental disabilities travel to each of the nine counties in Region VI providing services.

- SCHSC provided behavioral health services to 3,074 individuals in SFY 2010 (2,313 adults and 761 children received services). This total includes 612 individuals within the developmental disabilities (DD) service area. This represents close to a four percent overall increase in numbers served from last biennium.
- In addition, 685 individuals received Vocational Rehabilitation Services and 124 individuals received Older Blind Services.
- Twenty-seven percent of those receiving services had no insurance. Forty-eight percent are covered by Medicare, Medicaid or other public payers.
- SCHSC has the only full-time community psychiatrist in Region VI.
- SCHSC accounted for 30% of the total admissions to the North Dakota State Hospital (NDSH) in FY 2010, averaging about 24 individuals hospitalized per month. As Region VI has no private inpatient mental health treatment facility, the NDSH is utilized for acute inpatient needs as well as for longer term hospitalization needs. Individuals from Region VI also access out-of-region private psychiatric hospitals.
- Admissions to the crisis residential unit for the past two years averaged 168 individuals per year with 66% of those admissions occurring outside of normal work hours.
- Requests for emergency service interventions continued to remain constant with SCHSC providing 510 emergent interventions in SFY 2010, which is the highest number in the State.
- Twelve percent of North Dakota's reported adult abuse and neglect incidents during FFY 2010 occurred within Region VI.
- SCHSC's Family Caregiver Support Program has consistently served the largest number of caregivers in the state, with an active caseload of 43 individuals. SCHSC utilizes both in-home

and inpatient respite for our caregivers. The Family Caregiver Support Program allows families to delay transitioning of a loved one to a care facility. We can anticipate with a growing population of adults age 60 and over within Region VI that program needs will continue to grow and be impacted by the availability of staffing resources and programmatic funds in the future.

- There was a decreasing rate of staff turnover which was 3.64% in CY 2009. SCHSC also saw the positive results of its efforts to "grow our own professionals" in the filling of all open licensed addiction counselor positions.
- A workforce analysis of staff at SCHSC was completed which indicated a labor force of skilled experienced individuals with a high number of years of service in their current positions. A significant percentage of individuals will reach the "rule of 85" within next few years and will be eligible for state retirement. For succession planning purposes, we have made administrative and supervisory training available to interested staff to minimize the impact of retirements and to prepare individuals to compete and perform in the near future in leadership roles.
- An essential new element in the south central region's recovery oriented mental health system has been the introduction and development of the peer support program. As a means to model recovery and resiliency in overcoming everyday obstacles common to those who live with serious mental illness (SMI), 3 trained peer support specialists (individuals who have experienced SMI) coordinate weekly peer support groups with 70-80 consumers actively participating in recovery-based activities.
- SCHSC participates in the Network for the Improvement of Addiction Treatment (NIATx) project, which utilizes a rapid change

process to look at program and process improvement. The Center reviewed barriers consumers face in attending assessments and follow-up appointments. As a result, we have implemented strategies which have resulted in no show rate for intakes at 21% and the no show rates for follow up appointments between 12.6% and 15%, both of which are well below industry standards.

Program Trends

- Citizens age 65 and older comprised 25% of the total population in Region VI. The south central region has the oldest average age in the state. The current estimate for individuals 65 and older in McIntosh County is 37.2% which makes it one of the highest in the country.
- The baby boomers, the large group of individuals born between 1946 and 1964, will continue to create a sizable bulge in the region's future age distribution. Projections indicate that between 2010 and 2015, 35% of the region's residents will be age 60 and over.
- The changing age profile of Region VI has implications for both the caregiver program and adult abuse and neglect reporting and interventions. Requests for interventions remain strong due to several factors including declining health status of older adults, poverty which hits certain old age subgroups the hardest, and other vulnerabilities associated with advanced age. These factors, in conjunction with Department's goal to assist this population to remain independent as long as possible, impacts referrals and workloads of SCHSC staff.
- During CY 2010, Stutsman County within Region VI has seen 40 Somali families move to the Jamestown area, with 27 of those families receiving housing assistance. Additionally Stutsman County Housing received housing assistance requests from 1,400

Somali families and received completed applications from 400 of these requests. They continue to receive about ten new applications monthly from Somali families. This has resulted in the housing assistance wait list being frozen with 123 households on the wait list. This means about a minimum of a one year wait for housing assistance in Jamestown and a three to four year wait for housing assistance in the outlying areas surrounding Jamestown. This has a significant impact on meeting the housing needs of the vulnerable consumers served by the Center.

- In the child welfare area, the region continues to increase in the number of full assessments done in response to reports of child abuse, completing 243 in SFY 2009 and 262 in SFY 2010. Region VI is also placing increased emphasize on the placement of children with relatives as well as county social services serving children who at one time were served in the juvenile justice system as they are not delinquent but impacted by abuse and neglect.
- SCHSC continued to strengthen consumer care through multiple collaborative efforts with local inpatient and outpatient facilities on such issues as social detoxification, transportation, consumer medication distribution efforts, homelessness, licensed addiction counselor development and recruitment, outpatient sex offender evaluations, and substance abuse prevention efforts.

Overview of Budget Changes

Description	2009 - 2011 Budget	Increase / Decrease	2011 - 2013 Executive Budget	Senate Changes	To House
SCHSC	15,702,864	1,250,835	16,953,699	-	16,953,699
General Funds	8,464,433	879,114	9,343,547	-	9,343,547
Federal Funds	6,486,699	204,852	6,691,551	-	6,691,551
Other Funds	751,732	166,869	918,601	-	918,601
Total	15,702,864	1,250,835	16,953,699	-	16,953,699

FTE	85.50	-	85.50	-	85.50

Budget Changes from Current Budget to the Executive Budget:

The major changes can be explained as follows:

The salaries and fringe benefits portion of the budget increased $1,059,336.

- $636,693 in total funds of which $516,333 is general fund needed to fund the Governor's salary package for state employees.
- $243,504 in total funds of which $190,308 is general fund needed to fund the second year employee increase for 24 months versus the 12 months that are contained in the current budget.
- An increase of $90,063 to cover an underfunding of salaries from the 2009 – 2011 budget.
- A decrease of $58,043 to underfund the 2011 – 2013 pay plan.
- The remaining increase of $147,119 in the salaries and fringe benefits portion of the budget is a combination of increases and decreases needed to sustain the salary of the 85.50 FTEs in this area of the budget.

The operating portion of the budget increased by $87,222 and can be attributed to the following two items.

- Travel – The increase is made up of an increase in utilization for services to outreach areas and for staff training.
- Operating fees and services - The increase is due to the provision of Aging Outreach services at the HSC and is all federal funds.

The grants portion of the budget increased by $104,277. The net increase is a combination of the 3% inflationary increase for the contracted providers for each year of the biennium and a decrease in the contract cost for residential services. The net increase is all general funds.

General fund also increased due to a substantial reduction in the federal medical assistance percentage (FMAP).

Senate Changes:

The Senate made no changes to this section of the Department's budget.

This concludes my testimony on the 2011 – 2013 budget request for the SEHSC and SCHSC portions of the DHS budget. I would be happy to answer any questions.