

**Testimony**  
**Engrossed Senate Bill 2012 – Department of Human Services**  
**House Appropriations – Human Resources Division**  
**Representative Pollert, Chairman**  
**March 6, 2015**

Chairman Pollert, and members of the House Appropriations Committee – Human Resources Division, I am Tina Bay, Director of the Developmental Disabilities Division for 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 Developmental Disabilities Division (Division) staff are responsible for the following:

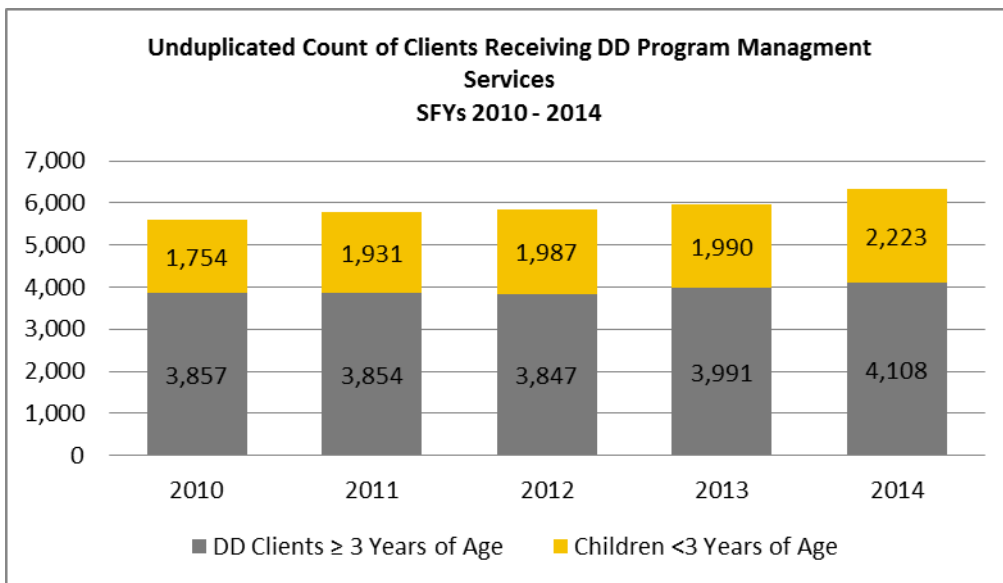
- Approval of individual authorizations, budgets, and rate setting;
- Policy development and implementation;
- Implementation and ongoing monitoring functions related to the Medicaid 1915(c) waiver;
- Quality assurance;
- Staff training (DD licensed providers and human service center staff);
- Compliance with federal oversight agency rules; and
- Licensing human service centers and providers.

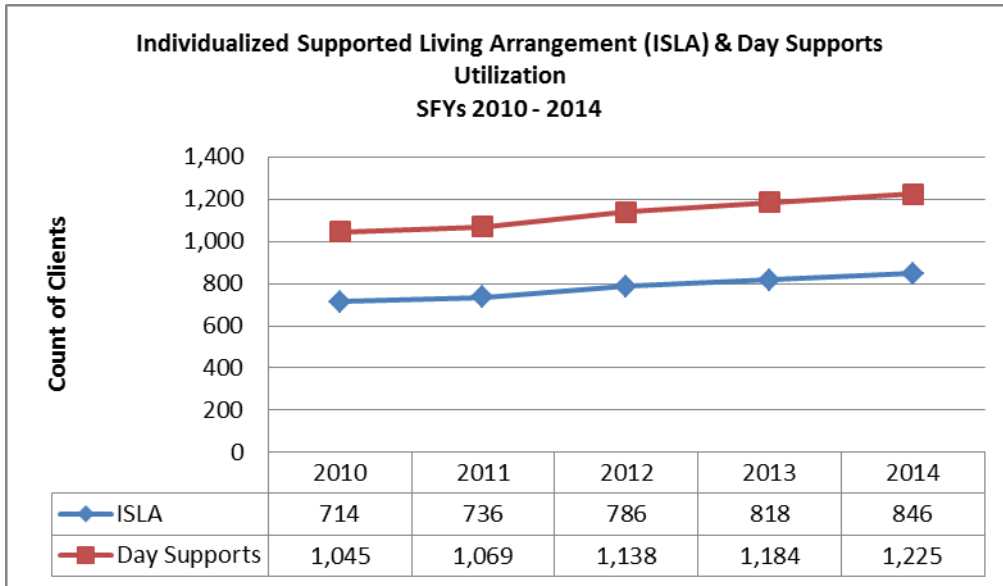
Division staff interact regularly with developmental disability staff at the regional human service centers, Life Skills and Transition Center, federal agency representatives, school system personnel, university

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.

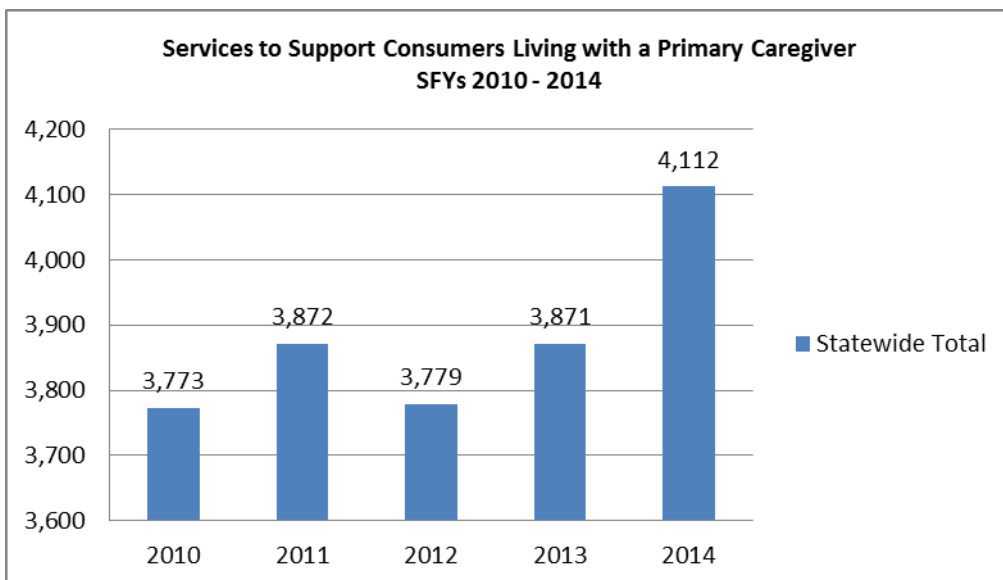
### **Program Trends/Program Changes**

The following charts highlight the growth that is occurring within the DD service delivery area.





Utilization of services intended to support consumers in the home of their primary caregiver continues to increase. Below is a chart that captures the growth in the following authorized services (Family Subsidy, In-Home Support, Infant Development and Self-directed Supports). One consumer may be authorized for multiple services.



### ***DD Payment System***

In 2011, SB 2043 directed the Department, in conjunction with DD providers, to develop a prospective or related payment system with an independent rate model utilizing the Support Intensity Scale (SIS). The Department, the steering committee, and the stakeholders continue to work on this project. Recently the North Dakota Association of Community Providers notified the Department that they believe additional work needs to occur, and requested the Department not implement the new system on July 1, 2015. The Department has asked providers to develop a comprehensive list of outstanding concerns and bring those concerns and proposed solutions to the steering committee. Likely the implementation date will be in 2016, and, in addition to addressing all of the rate setting pieces, all of the following items will need to be completed prior to implementation;

- Finalize administrative code, service descriptions, and related policies and procedures;
- Submit waiver and state plan to the Centers for Medicare and Medicaid Services (CMS); and
- Implement the billing module within the case management system to accommodate making payments under the new payment system.

### ***Home and Community-Based Settings Rule***

In March 2014, a new federal 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.

## Overview of Budget Changes

	2013 - 2015	Increase/ (Decrease)	2015 - 2017 Executive Budget	Senate Changes	2015 - 2017 Budget To House
Description	Budget		Budget		
Salary and Wages	1,672,270	363,489	2,035,759	(34,956)	2,000,803
Operating	9,469,764	(925,856)	8,543,908	149,255	8,693,163
Equipment over \$5,000	0	10,000	10,000	0	10,000
Grants	242,327	75,201	317,528	0	317,528
DD Grants	502,717,325	63,598,168	566,315,493	(6,069,684)	560,245,809
Total	514,101,686	63,121,002	577,222,688	(5,955,385)	571,267,303
General Fund	252,152,363	31,937,938	284,090,301	(2,840,347)	281,249,954
Federal Funds	261,949,323	31,183,064	293,132,387	(3,115,038)	290,017,349
Total	514,101,686	63,121,002	577,222,688	(5,955,385)	571,267,303
Full Time Equivalent (FTE)	10.0	1.0	11.0	0.0	11.0

### Budget Changes from Current Budget to the Executive Budget:

The Salary and Wages line item increased by \$363,489 and is mainly attributed to the following:

- \$151,797 in total funds, of which \$79,958 is general fund, needed for the Governor's compensation package.
- \$29,065 in total funds, of which \$16,000 is general fund, needed to continue the employee increases approved by the last Legislative Assembly.
- \$169,704 in total funds, of which \$84,851 is general fund, was included in the Executive Budget for a nurse to provide expertise in interacting with nurses at provider agencies, reviewing care plans, and reviewing general event reports that are medical in nature.

The Operating line item decreased by \$925,856 and is mainly attributed to the following:

- Increase of \$65,868 in Professional Materials for assessment and evaluation tools for the Part C program.
- Decrease of \$758,778 in Operating Fees and Services. The decrease consists of: **\$168,472** increase for the 4%/4% provider inflationary increase on certain service contracts; **\$58,445** increase

to continue the second year of the 2013-2015 provider inflationary increase; **\$17,908** increase for additional slots for the Section 11 program; **\$898,800** decrease in contracts for Part C services to make these funds available for direct client services through DD grants; **\$104,803** decrease in contracts for the DD payment system.

- Decrease of \$183,464 in Travel, of which the majority is from Part C to make these funds available for direct client services through DD grants.
- Decrease of \$55,592 for Professional Development, of which \$54,000 is from Part C to make these funds available for direct client services through DD grants.

The Equipment Over \$5,000 line item increased by \$10,000 and is to replace two Otoacoustic Emissions (OAE) machines which are used for testing the hearing of children under the age of three.

The Grants line item increased by \$75,201 and is mainly due to a \$67,761 increase in the contract with Minot State University for providing training to DD service providers.

The Developmental Disabilities Grants increased by \$63,598,168 and is mainly attributed to the following:

- 4% and 4% inflationary increase for providers,
- 91 additional high school graduates and new placements expected to need services during the biennium,
- 21 expected transitions from the Life Skills and Transition Center to the community,
- An increase of 126 consumers for family support services,

- An increase of five children per month (120 for the biennium) for infant development services, and
- An increase in 58 consumers for self-directed services.

The general fund request increased by \$31,937,938 with \$31,542,085 or 99% of the increase related to the Developmental Disabilities Grants.

The remaining \$395,853 or 1% is related to salary, operating and grants changes as described above.

The federal funds request increased by \$31,183,064 with the majority of the increase related to the Developmental Disabilities Grants.

#### Senate Changes:

- \$34,956 in total funds, of which \$16,726 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.
- \$8,113,787 in total funds, of which \$4,016,979 is general fund to decrease the provider inflation from 4% to 3% each year of the biennium.
- Increase of \$193,358 which is all general fund, for guardianship services for individuals with intellectual disabilities.
- Increase of \$2,000,000 of which \$1,000,000 is general fund for a benefit allowance increase for DD providers.

**Attachment A** shows the changes in the Developmental Disabilities Grants budget from 2013-2015 Appropriation to the 2015-2017 Budget to the House.

This concludes my testimony on the 2015-2017 budget request for the Developmental Disabilities Division. I would be happy to answer any questions that you may have.