

Testimony
House Bill 1012 – Department of Human Services
House Appropriations – Human Resources Division
Representative Pollert, Chairman
January 22, 2009

Chairman Pollert, members of the House Appropriations Human Resources Committee, I am Kate Kenna, Director of Lake Region Human Service Center (LRHSC) and Northeast Human Service Center (NEHSC) for the Department of Human Services (DHS). I am here today to provide you an overview of both centers' budget requests.

Lake Region Human Service Center

Lake Region Human Service Center provides services to Ramsey, Cavalier, Rolette, Towner, Benson, and Eddy counties. In 2007 the population estimate in the region was 40,458, or 6.3 percent of the total state population. Services are provided throughout the region with one office in Devils Lake and an outreach office in Rolla.

Caseload / Customer Base

The Lake Region HSC provided services to 2,373 individuals (excluding Vocational Rehabilitation) in Fiscal Year 2008; 1,776 adults and 572 children received services. In addition, 368 individuals received Vocational Rehabilitation services, and 136 received Older Blind services.

The poverty rate in Region III is 19.3 percent, nearly two times the state average of 10 percent. Temporary Aid to Needy Families (TANF) recipients continues to grow; currently Lake Region Human

Service Center has 852 TANF recipients – 41 percent of all TANF families in North Dakota.

Program Trends

- Difficulty recruiting qualified staff, especially in the areas of psychology, addiction, and fully qualified mental health clinicians continues. Region III remains a designated Mental Health Professional Shortage area by the National Health Service Corp, with a score of "18". This is the highest designation in North Dakota.
- Developmental Disability case management for children ages 0-3 has increased from 54 in 2007 to 65 in 2008.
- Enrollment in day supports for individuals with developmental disabilities has increased from five individuals in 2001 to 20 in 2008.
- The Lake Region HSC has experienced an increase in dually diagnosed consumers (Serious Mental Illness and Addiction). The complexity of these cases require more intensive case management and case aide services.
- Emergency/crisis calls have increased from 550 in FY 2007 to 631 in FY 2008.
- The Lake Region HSC, with 6 percent of the state's population, has nearly 17 percent of the children in foster care. This number does not include the 62 children in Native American care, which increases the percentage rate to 23 percent.
- Admissions to the State Hospital are down from 69 in FY 2007 to 58 in FY 2008. There have been substantial declines in the past few years. Lake Region Human Service Center is assisting our more challenging consumers to stay in the community by wrapping supportive services around them.

Accomplishments

- Increased efforts to screen potential North Dakota State Hospital admissions continue to be successful. Region III has no inpatient psychiatric or inpatient substance abuse alternative within the region, but state hospital diversions to community-based alternatives have increased. In the mid-1980s our regional referrals to the state hospital averaged 322 consumers per year; in the mid-1990s, the average was 207. These admissions were further reduced to just over 100 per year by the middle of the current decade. Total state hospital admissions for SFY 2007 were 69 consumers and for SFY 2008 were 58.
- The Lake Region HSC continues to work toward strengthening the quality of the community-based services we provide. We are growing our abilities to provide evidenced based services, including the UCLA Matrix Program for treating substance abuse; Trauma Focused Cognitive Behavioral Therapy, as well as Structured Psychotherapy for Adolescents under Chronic Stress for treating trauma; and other consumer friendly models including the Recovery Model and Person Centered Services. We will soon be training staff in Motivational Interviewing, as well as starting an adolescent matrix program in conjunction with a multi-agency collaboration to start an adolescent drug court.
- In another effort to strengthen community-based services Lake Region HSC expanded our full-time satellite office in Rolette County. The Rolla Outreach Office offers Developmental Disabilities case management, PATH homeless case management, Serious Mental Illness case management, Vulnerable Adult Protective Services,

mental health counseling, emergency services, and substance abuse evaluation and treatment, including the option for residential stay at our ten bed crisis residential unit.

- In an effort at quality improvement, Lake Region is one of the three pilot human service centers working with Network for the Improvement of Addiction Treatment (NIATx). This organization helps behavioral health agencies improve services by bringing to the table researched and innovative solutions to reduce no show rates, improve access, improve completion rates of consumers, reduce costs, improve staff morale, and achieve good outcomes from services provided.

Overview of Budget Changes

Description	2007 - 2009 Budget	2009 - 2011 Budget	Increase / Decrease
Lake Region HSC	9,884,876	11,011,109	1,126,233
General Funds	5,304,226	6,263,550	959,324
Federal Funds	4,129,219	4,306,213	176,994
Other Funds	451,431	441,346	(10,085)
Total	9,884,876	11,011,109	1,126,233

FTE	62	62	-
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- Salary and Wages related expenses increased by \$795,934 and can be attributed to the following:
 - \$704,783 in total funds of which \$545,128 is general funds to fund the Governor’s salary package for state employees.
 - \$(19,212) in temporary salaries which represents a half-time temporary position.

- The remaining \$110,363 is largely the result of funding legislatively approved salary increases in the current biennium into the 09-11 biennium.
- The Operating cost increased by \$35,908 and is a combination of the following items:
 - An increase of \$42,100 in travel related expenses. This increase is largely based on State Fleet's expected per mileage increase to \$.40. This biennium that cost has been approximately \$.28/mile.
 - An increase of \$2,840 for data processing supplies.
 - A decrease of \$9,597 in Operating Fees and Services. Of this amount, \$4,250 of the decrease is in the area of Vocational Rehabilitation for the purchase of services, and \$7,500 of the decrease is in the Alcohol and Drug services for purchase of services. These amounts are offset by an increase of \$3,050 for the Developmental Disabilities Experienced Parent Program.
- Lake Region HSC's operating budget includes \$425,580 in building rent for its two office locations. The main Devils Lake office has a projected budget of \$379,980 which equates to approximately \$10.42/square foot per year. The Center's Rolla Outreach office has a budget of \$45,600 and is approximately \$9.71/square foot per year.
- The Grants costs include an increase of \$294,391. Of this amount, \$85,721 is to fund the current biennium's increases into the 09-11 biennium with the remaining \$208,670 representing the Governor's recommended increase for contracted providers.

The general fund request increased by \$959,324 with 79% of that increase (\$753,798) related to the Governor's salary package for state employees and recommended contracted provider increases. The remaining increase of \$205,526 is associated largely with the current biennium salary, provider inflationary increases being carried into the new biennium, and the operating changes described above.

Northeast Human Service Center

This area of the budget includes the programs of the Northeast Human Service Center (NEHSC). The NEHSC serves the citizens of Grand Forks, Nelson, Walsh, and Pembina counties. The center is located in Grand Forks with a satellite office in Grafton and an outreach site in Cavalier.

Caseload / Customer Base

- The population in Region IV is approximately 91,000; this represents 14 percent of the state's population. Fifteen percent of the state's children, nearly 23,500, reside in our region.
- The Northeast HSC provided clinical services to 3,371 individuals in SFY 2008; 2,407 adults and 964 children received services. This represented a 10 percent increase in clients over SFY 2006. During the same two year period our addiction evaluations increased by 30 percent, and clinical intakes by 19 percent.
- Vocational Rehabilitation (VR) served 1,144 clients; 140 clients were served through the Older Blind program.

- Other residents of our counties received indirect services provided through Aging Services, Foster Grandparent Program, Child Welfare, and community education.
- Priority is placed on serving the Region's most vulnerable individuals, including those who cannot otherwise access services.

Program Trends

- The Northeast HSC has had difficulty recruiting/retaining a psychologist, community home counselors, and fully qualified mental health clinicians. We have just confirmed hiring for a vacant psychiatry opening; however, this is from within the DHS system.
- In addiction services, Northeast HSC has noted an increase in the use of prescription medication, a decrease in methamphetamine as a primary substance of use, a need for longer residential stays (which has at times created a bottleneck for new clients), and an increase in clients from County Social Services and the Department of Corrections and Rehabilitation who require additional case management and more frequent involuntary commitments.
- In Developmental Disabilities (DD), more families are struggling economically and are requesting assistance in helping meet the excess costs of having a child with a disability. Developmental Disability Case Managers (DDCM) are spending more time helping families meet basic needs such as housing, heat, diapers, food, etc. Our numbers in DD case management continue to grow each biennium.
- The Ruth Meiers Adolescent Residential Facility has experienced an increase in referrals and admissions of younger adolescents (11-12 year olds), an increase in females referred, and an increase in

youth with sexually related behavior problems. We also note there is a disproportionate number of referrals of Native American children (40 percent).

- Children and Family Services notes that there were 39 adoptions of foster care children in 2008, compared to 11 in 2007. In 2007 there were 62 family foster homes and in 2008 there are 82. The number of therapeutic foster homes also increased from 21 to 32.
- The Northeast HSC has been working with Network for the Improvement of Addiction Treatment (NIATx) to improve services to clients. We have focused on reducing wait time, increased customer satisfaction, and efficiency. This process looks at evaluating services and using a rapid change cycle in the delivery of services. We have noticed success in access for clients and a reduction of paperwork in the first two cycles.

Accomplishments

- Evidenced Based Practices have been implemented at NEHSC which include: Contingency Management in Addiction, Matrix Program, and Person Centered Treatment Planning.
- We have implemented an Adult Drug Court with funding provided during the last legislative session. In cooperation with our Court, and Department of Corrections we began seeing clients in October of 2008 and to date have 12 consumers in the program. Our Adolescent Drug Court continues and currently is serving 19 clients.
- The Northeast HSC successfully implemented a telemedicine program for psychiatric services and addiction evaluations. Region IV has telemedicine sites in Northwood, Grafton, and the Grand Forks

Correctional Center. This allows us to provide services in an efficient and timely manner.

- Admissions to the State Hospital from Region IV continue to be extremely low with 46 admissions for the period of January 1, 2008 through November 30, 2008. Region IV had 56 admissions for the same period in 2007. This is due to our diligent intake screening, coordination, and utilization of community services.
- Northeast HSC has broadened the continuum of housing available for individuals with serious mental illness in partnership with Prairie Harvest and funding received during the last legislative session. We have new community support and housing for an additional eight consumers which has resulted in preventing hospitalization and maintaining consumers in the community.
- Through the Network for Improvement of Addiction Treatment (NIATx), Northeast HSC has decreased the wait time from admission intake to time seen by a clinician by 15-20 minutes per client. We have reduced client generated paperwork eliminating two forms. We continue to identify process issues and teams to work towards continuous improvement of our service delivery.

Overview of Budget Changes

Description	2007 - 2009 Budget	2009 - 2011 Budget	Increase / Decrease
NEHSC	22,325,047	26,376,851	4,051,804
General	9,758,051	12,056,316	2,298,265
Federal	11,785,869	13,169,485	1,383,616
Other	781,127	1,151,050	369,923
FTEs	137.10	138.10	1.00

- Salaries and benefits increased by \$2,166,161 and can be attributed to the following:
 - The increase in salary and fringe benefits is a result of the salary and health insurance package which adds \$1,540,334 in total funds of which \$1,114,357 is general fund.
 - \$100,626 to fund the addition of 1.0 FTE to address requirements of the Centers for Medicare and Medicaid Services on our Developmental Disabilities programs, of which approximately half is from the general fund.
 - The cost to sustain the second year of the 2007-09 salary increases for the full 2009-11 biennium is \$231,501 of which \$164,132 is general fund.
 - Northeast HSC converted a contracted psychiatrist to a full time employee at the start of the 2007-09 biennium. \$323,064 was added to salaries and benefits to cover the cost of the FTE; \$62,544 of this was general fund.
 - The remaining \$29,364 budget decrease is a combination of increases and decreases needed to sustain the pay plan of the 137.10 FTE in this area of the budget.

- Operating budget decreased by \$57,786 (2%) and is a combination of the following increases and decreases expected next biennium:
 - A \$62,321 increase in our rental budget is primarily for a \$.70 increase in per square foot cost for Northeast HSC's main office building. The square foot cost for the Center's main office building is currently at \$12.45. For the 09-11 biennium, the landlord has requested the \$.70 increase to cover current and projected increases in utility and maintenance costs. The new per square foot

- cost will be \$13.15. The Northeast HSC also rents 658 square foot of unfinished storage space which will increase from \$4.40 per square foot to \$5.10 for the same reasons. In addition we pay \$380/month (\$9,120 a biennium) for the Outreach Office located in Cavalier.
- An \$85,074 decrease in the Fees–Professional Services budget as a result of a decrease in the number of Foster Grandparents Northeast is allowed to have and compensate due to a federal reallocation.
 - A \$50,000 decrease in the Medical, Dental, and Optical budget based on actual expenditures. Concerns regarding increase in medication costs for clients and limited access to samples have not transpired.
 - State Fleet Service’s increase in the motor pool rate contributed to an increase of \$15,120 in our travel budget.
- The grants budget increased by \$ 1,943,434 of which \$ 1,618,977 is general fund. This increase is a result of the following:
 - \$967,998 is budgeted for contracted providers to reflect significant cost increases to maintain existing level of services for our residential services for adult and adolescent clients with chemical dependency and for adult clients with serious mental illness; for the operation of our psych social club for individuals with serious mental illness. \$894,515 of this is general fund.
 - \$613,573 is needed to fund 7% increases for providers for each year of the biennium of which \$443,799 is general fund.
 - \$361,863 is budgeted to meet capacity issues and meet unmet need for development of a social detox program, increasing our supported residential service by 20 client hours per week and

funding our existing utilization of psychiatric hospitalization beds at Altru Hospital. \$280,663 of this budget is general fund.

The general fund request increased by \$2,298,265 with 49% of that increase, \$1,114,353, related to the Governor's salary package for state employees and increased health insurance costs. The remaining increase of \$1,183,912 is associated with the increase in the operating changes described above.

The net change of the federal and other funds is a result of the increases above.

This concludes my testimony on the 2009 – 2011 budget requests for the Lake Region Human Service Center and Northeast Human Service Center. I would be happy to answer any questions.