



SB2124 TRANSITION
COUNTY OFFICIALS MEETING
JUNE 11, 2019

NORTH
Dakota | Human Services
Be Legendary.™

THE MISSION OF DHS IS TO PROVIDE QUALITY, EFFICIENT AND EFFECTIVE HUMAN SERVICES, WHICH IMPROVE THE LIVES OF PEOPLE

<u>Mission</u>	<u>Principles</u>
Quality services	<ul style="list-style-type: none">▪ Services and care should be provided as close to home as possible to<ul style="list-style-type: none">– Maximize each person’s independence and autonomy– Preserve the dignity of all individuals– Respect constitutional and civil rights▪ Services should be provided consistently across service areas to promote equity of access and citizen-focus of delivery
Efficient services	<ul style="list-style-type: none">▪ Services should be administered to optimize for a given cost the number served at a service level aligned to need▪ Investments and funding in DHS should maximize ROI for the most vulnerable through safety net services, not support economic development goals▪ Cost-effectiveness should be considered holistically, acknowledging potential unintended consequences and alignment between state and federal priorities
Effective services	<ul style="list-style-type: none">▪ Services should help vulnerable North Dakotans of all ages maintain or enhance quality of life by<ul style="list-style-type: none">– Supporting access to the social determinants of health: economic stability, housing, education, food, community, and health care– Mitigating threats to quality of life such as lack of financial resources, emotional crises, disabling conditions, or inability to protect oneself

THE 2017-2019 LEGISLATIVE SESSION, IN 2017 S.B. 2206, ALSO CREATED AN INTERIM STUDY TO ANALYZE THE PILOT AND DEVELOP AN IMPLEMENTATION PLAN

2017 S.B. 2206 Section 8

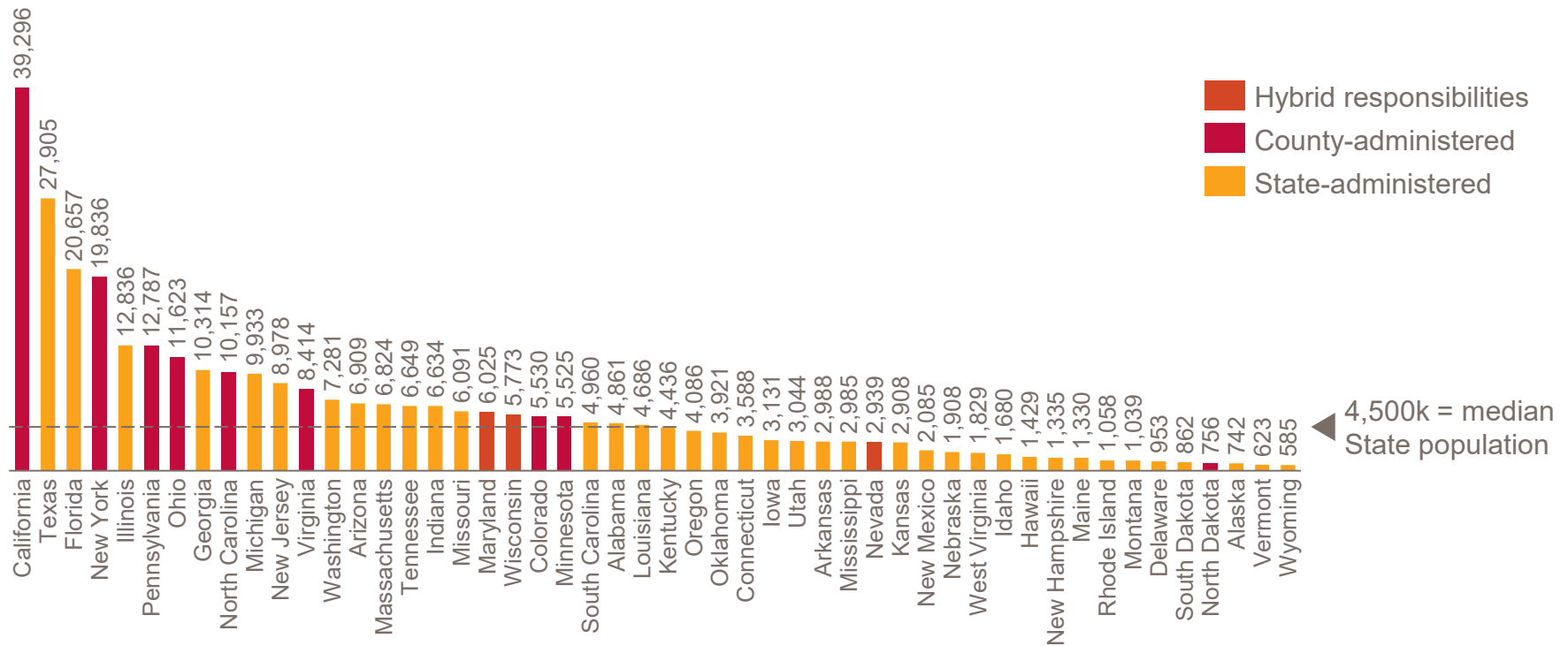
Before November 1, 2018, the department of human services shall report to the legislative management on the status of the pilot program and the development of a plan for permanent implementation of the formula established in section 50-34-04. The implementation plan must include

- recommendations for caseloads and outcomes for social services, designated child welfare services, and economic assistance;
- considerations regarding the delivery of county social services to ensure appropriate and adequate levels of service continue;
- options for efficiencies and aggregation;
- analysis of the potential reduction in social service offices, organizations, and staff due to consolidations;
- the feasibility and desirability of, and potential timeline for, transitioning county social service staff to the department of human services;
- and considerations for oversight and chain of command within social services and human services.

The implementation plan must be submitted to the sixty-sixth legislative assembly as part of the department of human services budget request and identify the estimated biennial cost of the plan.

FROM THE OUTSET OF THE STUDY, THERE HAS BEEN RECOGNITION THAT ND DOES NOT HAVE COMPARABLE SCALE TO STATES THAT HAVE STATE-SUPERVISED, COUNTY-ADMINISTERED PROGRAMS

Child Welfare Delivery System (as part of Social Services): Organization by State
States ranked by population, shown here in thousands (k)

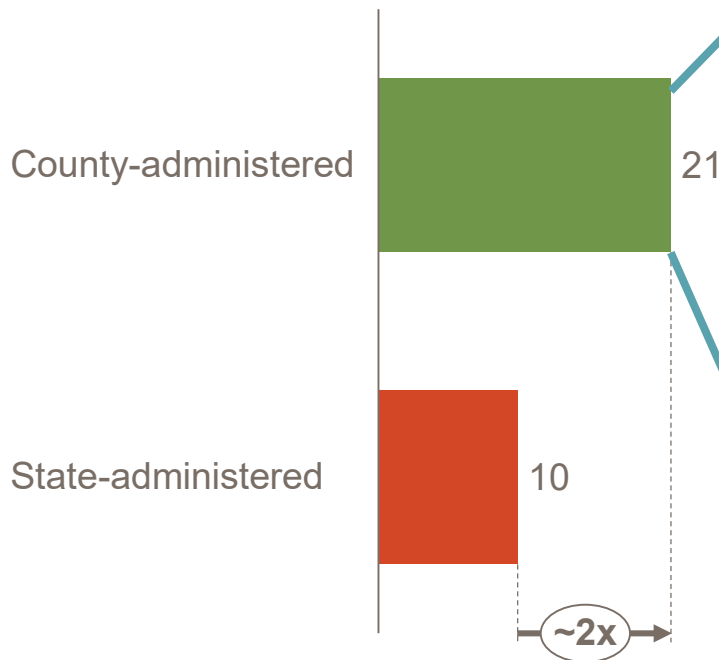


The **other 8 states** (other than North Dakota) with a state-supervised, county-administered social services system are all in the top 50% of states by size of population

STUDIES OF SNAP ADMINISTRATIVE COSTS INDICATE THAT A COUNTY-ADMINISTERED MODEL IS CORRELATED WITH HIGHER COSTS

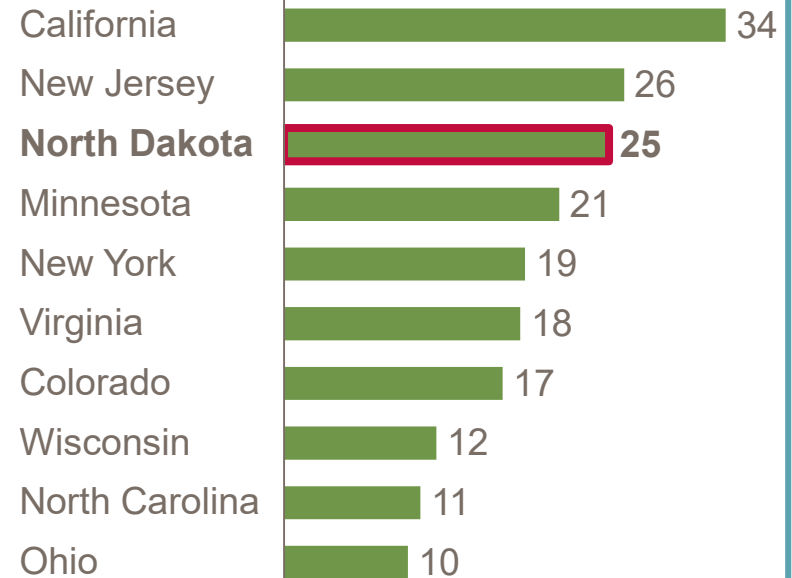
Cost-per-Case by Model

FY14 \$ per case per month



Cost-per-Case for County-admin States

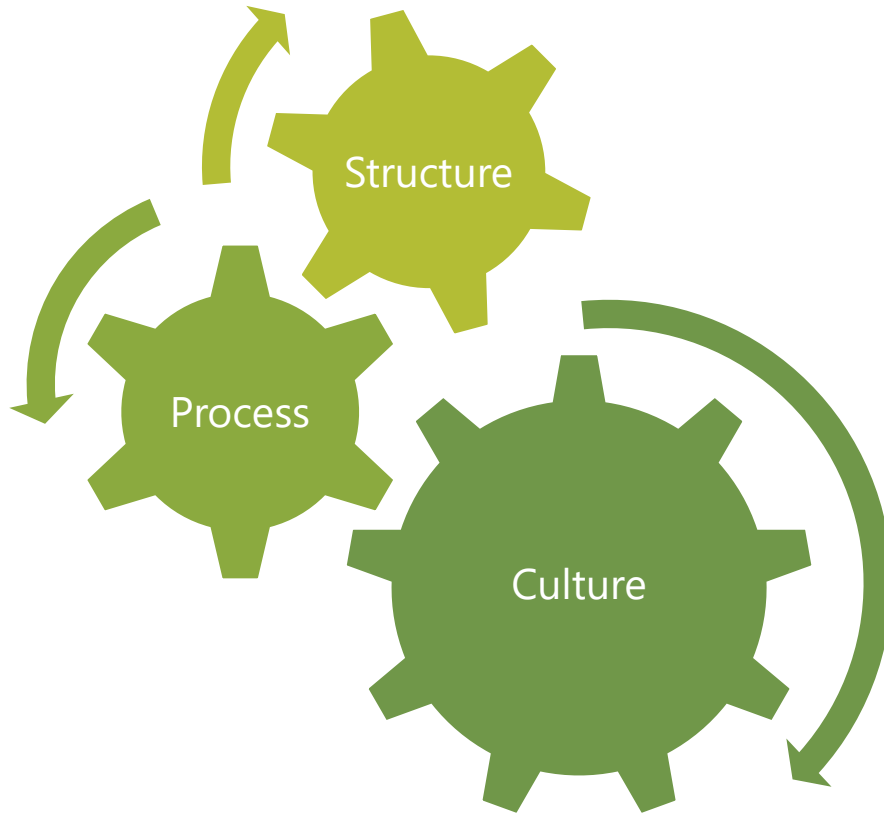
FY14 \$ USD per case per month



- The **cost per SNAP case is about 2 times higher in states with county-administered programs**
- **Among state with county-administered program, ND has one of highest costs per case for SNAP** at about \$25 per case per month
- Using SNAP as an indicator, **these findings suggest an opportunity for increasing overall efficiency of administering programs** in ND, particularly around eligibility programs

BUT IMPROVING PROGRAMS IS MORE THAN LOOKING AT STRUCTURE: PROCESS AND CULTURAL CHANGE MUST ACCOMPANY STRUCTURAL CHANGE

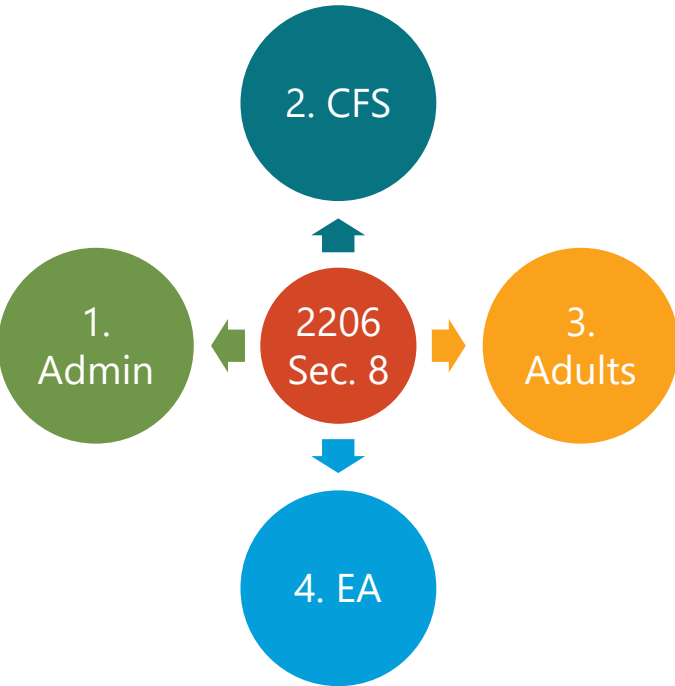
3 Key Levers for Change



- 3 Core Areas
 - Process
 - Structure
 - Culture
- Focus is on service delivery to the client in the most effective and efficient way possible
- Seek to remove geographic, political and cultural boundaries to deliver smart, efficient and compassionate human services
- Primary Stakeholders
 - Individuals & Families
 - Taxpayers
 - Employees

TO EXAMINE HOLISTIC CHANGE, THE 2017 S.B. 2206 INTERIM STUDY INCLUDED 4 COMMITTEES FOCUSED ON EACH AREA OF SERVICES

Committee Organization



- Pilot study kicked off on Oct. 12, 2017
- Each committee met about a dozen times (monthly) between Oct. 2017 and Sept. 2018

(Admin = Administrative; CFS = Child & Family Services; Adults includes older adults and persons with disabilities; EA = Economic Assistance)

Committee Participants

Name	Organization/Title	Committee / Role
Chris Jones	ND DHS, executive director	All
Sara Stolt	The Project Co.	Facilitator and project manager
Jason Matthews	JM Strategies	Facilitator
Terry Traynor	ND Association of Counties (NDACo), director	All
Lukas Gemar	DHS Administration	All
Amy Erickson	DHS Human Resources (HR), administrator	Administrative Committee
Steve Reiser	Dakota Central Social Services, director	Administrative Committee
Joe Morrissette	Office of Management and Budget, director	Administrative Committee
Kim Jacobson	Trail and Steele County Social Services, director	Administrative Committee
Laural Sehn	DHS Fiscal, accountant	Administrative Committee
Marcie Wuitschick	DHS HR, director	Administrative Committee
Tom Solberg	DHS, deputy director	Administrative Committee
Heidi Delorme	DHS Fiscal, deputy director	Administrative Committee
Jonathan Alm	DHS Legal, director	Administrative Committee
Kim Osadchuck	Burleigh County Social Services, director	Administrative Committee
Michelle Masset	Emmons County Social Services, director	Administrative Committee
Rhonda Allery	Lake Region Social Services, director	Administrative Committee
Tom Eide	DHS, chief financial officer	Administrative Committee
Chip Ammerman	Cass County Social Services, director	Children and Family Services Committee
Marlys Baker	DHS Children and Family Services (CFS), CPS	Children and Family Services Committee
Dennis Meier	Morton County Social Services, director	Children and Family Services Committee
Em Burkett	Stutsman County Social Services, director	Children and Family Services Committee
Karin Stave	DHS CFS, regional representative	Children and Family Services Committee
Peter Tunseth	UND CFS Training Center, director	Children and Family Services Committee
Diana Weber	DHS CFS, in-home program administrator	Children and Family Services Committee
Kelsey Bless	DHS CFS, permanency program administrator	Children and Family Services Committee
Amanda Carlson	DHS CFS, early childhood services	Children and Family Services Committee
Monica Goesen	DHS CFS, regional representative	Children and Family Services Committee
Vince Gillette	Sioux County Social Services, director	Economic Assistance Committee
Brenda Peterson	Morton County Social Services, eligibility manager	Economic Assistance Committee
Sidney Schock	Cass County Social Services, eligibility manager	Economic Assistance Committee
LuEilen Hart	Grand Forks County Social Services	Economic Assistance Committee
Michelle Gee	DHS Economic Assistance, director	Economic Assistance Committee
Linda Brew	DHS Economic Assistance, regional representative and system support and development director	Economic Assistance Committee
Diane Mortenson	Stark County Social Services, director	Adult Services Committee
Doug Wegh	Hettinger County Social Services, director	Adult Services Committee
Joyce Johnson	DHS Economic Assistance, Medicaid policy director	Adult Services Committee
Kristen Hasbargen	Richland County Social Services, director	Adult Services Committee
Nancy Nikolas-Maier	DHS Aging Services, director	Adult Services Committee
Karla Kalanek	DHS DD, program administrator	Adult Services Committee
Heather Steffl	DHS, public information officer	Adult Services Committee

RECOMMENDATIONS HIGHLIGHTED A NUMBER OF THEMES FOR PROGRAM IMPROVEMENTS, THOUGH BARRIERS EXIST WITH OLD STRUCTURE

Theme	Examples from Committee Recommendations	Barriers to Change Today	
		Structure	Process & Culture
Specialize work	<ul style="list-style-type: none"> 2a) Move sub-adopt to a few identified experts 2b) Shift foster care licensing to one entity per region to allow dedicated staff to focus on it 3a) Designate aging/ adult services staff to specialize in one program if possible 4b) Eliminate the work eligibility workers do that isn't part of eligibility determination 	Rate per case funding formula does not enable change in mix of services provided, thereby preventing specialization	Every county is accustomed to doing every function; specialization requires integration with other counties
Collaborate effectively to share resources/ capacity	<ul style="list-style-type: none"> 2c) Allow counties to share licensed foster homes across county lines, so that placements match a child's needs and provider capabilities 4b) Regionalize eligibility determination for Medicaid coverage of foster children, TANF, Medicaid long-term care, Basic Care Assistance, etc. 	County boundaries create siloed operations, and grant-like funding formula disincentivizes sharing of resources	County offices are not responsible for program outcomes outside the boundaries of their counties
Improve ways of working and align to best practices	<ul style="list-style-type: none"> 2d) Reduce the CPS assessment from 62 to 25 days 2e) Eliminate redundancy/multiple levels of review of licensing decisions 2f) Develop a navigator role to partner with CFS/Child Protection Services (CPS) 4c) Develop the Full Kit for processing program applications and determining eligibility 	Scaling best practices across counties can be difficult due to institutional silos of county-based org. structures and funding formula	Making improvements requires time, effort, and a willingness to embrace changes
<p>Importantly, S.B. 2124 does not make any of these changes; rather, the intent of the bill is to address and eliminate the <i>barriers</i> (in particular, the structural barriers) that exist to making these changes or improvements today</p>		<p>Address these barriers through S.B. 2124</p>	<p>Address these barriers through pilot projects</p>

AS WE HAVE EXAMINED STRUCTURE, PROCESS, AND CULTURE, GUIDING PRINCIPLES EMERGED AS FIXED POINTS FOR POLICY

Guiding Principles

- No reduction in access points
- Redistribution of dollars from administration to direct client service delivery
- No reductions in force or reductions in pay (roles will be redesigned for some)
- Promote equity in access and meet clients where they are
- Promote specialization of efforts where possible to improve consistency of service
- Promote decision making as close to the client as possible

OVERVIEW

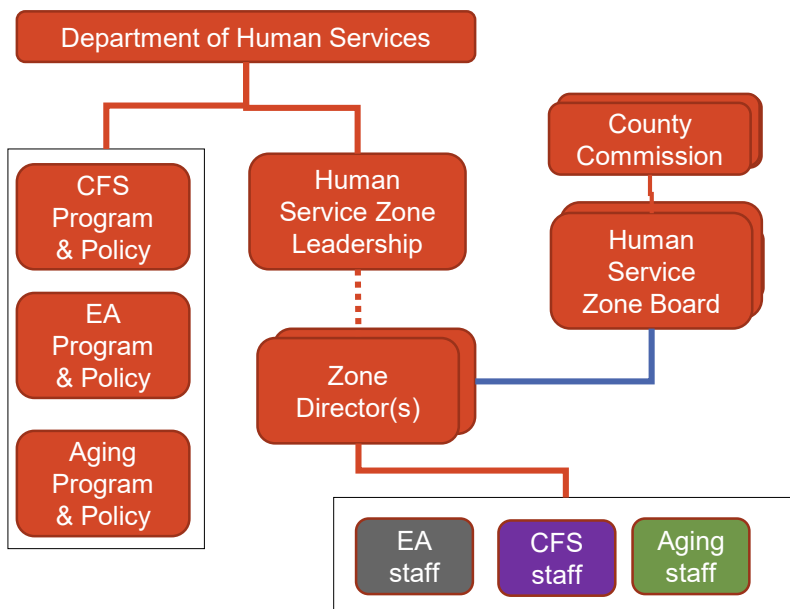
- Direct delivery of human services in up to 19 multi-county “zones” that **preserve all current service access locations** – counties with population over 60,000 may be single county zones
- **Local decision-making in zone creation**, with final plan approval by DHS – **zone agreement by January 1, 2020**; zones to be **fully implemented by January 1, 2021**
- **Unique local programs to be continued**
- A state **funding formula** for direct costs that is **tied to actual 2018 expenditures and state salary adjustments**
- **Local funding of indirect costs** with a portion reimbursed through the indirect cost plan
- **An expanded human service zone board** composed of county commissioners and other local leaders that would hire the zone director and ensure local service needs are addressed
- **Consultation role and approval authority for DHS in zone director selection** and clear participation in evaluating performance of the director and zone
- Creation of **four zone operational supervisors** to provide technical assistance, program supervision, evaluation, and support to zones – but these FTE’s will be found within existing zone employment
- **All zone employees will remain within the state’s merit system as required by federal law.** Employment and salaries of existing employees will be preserved, with transfers and reassignments protected by all existing rules
- **A process of progressive discipline** to ensure performance without endangering the resources necessary for client services
- **Transfer of zone employees to the state** for specific services that may be identified for specialization; but also allows for zone supervision of state employees if they physically remain in the zone office
- **Statewide consistency in indigent burial and ultimately general assistance** to increase efficiency and guarantee equal access

S.B. 2124 SHIFTED DELIVERY OF SOCIAL (HUMAN) SERVICES FROM COUNTIES TO ZONES, A HYBRID STATE/COUNTY STRUCTURE

Spectrum of structural models for social (human) services delivery

Scenario A: State supervised, county-administered

Scenario C: Hybrid organization of "Human Service Zone"










Scenario B: State administered

Detail of Preferred Model: Scenario C

- This is the **structural recommendation** of SB 2124.
- This model creates up to 19 zones and is **structurally similar to current law for multi-county social service districts**.
- This structural model creates **clearer lines of accountability** between State Program and Policy and the administration of Social Services.
- Structurally different for multi-county social districts is that the intent is that **Zones are defined for the responsibility for delivering state mandated services, regardless of client address**.
- With that difference, **budgets will be completed by Zones**, in collaboration with the department; however, as we move forward with pilots within the TOC process, this structural model, along with changes to funding flexibility will promote **greater collaboration, specialization and utilization of capacity** that exists in the State today.
- In this model, **Zone Directors will participate in a DHS Human Service Zone Leadership Team** and partner with Social Service Program and Policy to ensure effective and compliant delivery in each zone.
- **The Department will provide consistent budgeting guidelines, HR policies and policies and guidelines for standard and consistent program delivery.**
- This model also **supports incremental movements toward improvements in efficiency and effectiveness** in client-centered delivery.

TIMELINE FOR THE FORMATION OF HUMAN SERVICE ZONES HAS SEVERAL MILESTONES, WITH COMPLETION AT START OF 2021

Dates / Milestones	Detail / Description of Milestones
 <p>June 11, 2019 Initial Planning Meeting</p>	<p>Zone agreement must:</p> <ul style="list-style-type: none"> ▪ Identify the proposed counties of the human service zone ▪ Identify the host county ▪ Identify the human service zone board members
 <p>Dec 1, 2019 Zone Agreements Zone Board</p>	<p>Zone board must:</p> <ul style="list-style-type: none"> ▪ Have 15 or fewer members appointed by county commissioners ▪ Have at least one county commissioner from each county in zone ▪ Elect a vice presiding officer and appoint secretary ▪ Establish procedures for review and approval of claims against the human service zone human services fund
 <p>Jan 11, 2020 First zone payment</p>	<p>First zone payment must:</p> <ul style="list-style-type: none"> ▪ Be based on the most recent data on historical cost and income ▪ Be made to the host county ▪ Include payment for indirect costs
 <p>Mar 31, 2020 Zone Director</p>	<p>Zone director must:</p> <ul style="list-style-type: none"> ▪ Be hired by the zone board by April 1, 2020 ▪ Be employed by the zone; located within the human service zone ▪ Serve as the presiding officer of the zone board
 <p>June 30, 2020 Zone Plan</p>	<p>Zone plan must:</p> <ul style="list-style-type: none"> ▪ Provide funding for indirect costs and liability coverage ▪ Specify any role transitions for team members ▪ Describe all unique locally-provided programs that would continue to be provided under plan
 <p>Jan 1, 2021 Approval & Statewide Implementation</p> 	<ul style="list-style-type: none"> ▪ Allow for nonresidents of participating counties to access services ▪ Specify that reductions in access points are only made with agreement of human service zone board, county commissions of affected counties, and the department

SEVERAL PRINCIPLES FOR ZONE BUDGETING ARE REFLECTED IN S.B. 2124 AND FISCAL NOTE, EXPANDING ON THE BENEFITS OF THE PILOT FORMULA

Zone Budgeting Principles (in **BOLD** are principles driving prior formula)

1. **Reimburse historical costs of providing services across zone**
2. Adjust for differences in pay between zones and cost of living
3. Adjust for process change (enabling consolidation, sharing capacity)
4. Adjust for changes to the basket of services (enabling specialization)
5. **Adjust for caseload increases or decreases**
6. Adjust for equalizing service levels across the state, recognizing potential differences in delivery modes in different zones
7. Adjust for statewide changes in services or service levels
8. Adjust for contingencies or pressing situations

Ranked in order of priority

REVISED FISCAL NOTE FOR S.B. 2124

HOUSE APPROPRIATIONS COMMITTEE 04/01/2019

Line Item	Estimated Amount¹, \$	Rationale / Description of Calculation
Projection of CY18 and CY19 program-related costs	159,206,697	= [CY18 actuals] ² + [CY19 projection] ³ – Underfund = 80,213,303 + 80,993,394 – 2,000,000
Indirect Cost Obligation	5,550,522	Estimate for the indirect costs is 25% of the last available full 12 months of data plus the costs for preparing indirect cost allocation plan
Sub-total: Historical Costs	164,757,219	Sum of historical program-related costs and share of indirect costs
Revenue (MMIS Revenue Estimate)	(5,306,627)	2 times the amount distributed from MMIS in CY18. Monies distributed to the counties from the Medicaid Management Information system (MMIS) support costs for services like home & community-based services
Inflationary Increases	9,189,456	Inflationary increases for salaries, benefits other than health, and operating are the following: (1) year 1 increase of 2% (salaries w/ min of \$120 and max of \$200); (2) year 2 increase of 2.5%. Est. health benefits are inflated at 7.5% per yr.
Sub-total: Total Costs minus Revenues plus inflation	168,640,048	
Compensation Equity Adjustments	1,396,371	The same roles at various counties are paid very differently due to historical contingencies reinforced through the rate-per case formula; this amount would allow for bringing up compensation of lower-paid counties to 0.85 compa-ratio
Family First Legislation Implementation Investments	2,800,000	Funds to support preventative services and enhanced review of residential placements under Qualified Residential Treatment Provider (Q RTP) provisions
Contingency & Pilot Implementation	820,894	Funds to support unforeseen county expenses (e.g., burials, overpayments), program pilots, and scaling of best practices from pilots
Total	173,687,313	

¹ These estimates could adjust based on most recently available cost data from counties. ² [CY18 actuals] are reported based on data for actual Salaries, Benefits, and Operating cost payments from the counties for CY18. ³ [CY19 projection] is calculated as the [CY18 actuals] with any inflator of 6.4% for only the estimated health benefits portion of county social services spending.

OVERVIEW OF SELECTED TRANSITIONS TO STATE EMPLOYMENT AUTHORIZED BY SB 2124

- While most functions of social services will remain in the human service zone, **responsibility for five specific program areas will transfer to the state:**
 - Child care licensing [27 FTE]
 - Adoption assistance eligibility determination, adoption case management, and related administrative positions [2 FTE]
 - Home and community-based services case management [64 FTE]
 - Eligibility determination for foster care assistance and IV-E services [14 contingent FTE]
 - Eligibility determination for long-term care [16 contingent FTE]
- These positions were selected to join the Department of Human Services for the **benefits to be gained from role specialization** and taking a state-wide focus
- As a result of these transitions, **just over 100 of the nearly 1000 social services staff will become state employees**; no office relocation will be required, and they will continue to serve citizens across the state
- **Survey will be distributed to county social services staff this month** to collect information needed to identify those individuals who will transition based on their responsibilities and preferences; most all positions will be hired by end of 2019