

Testimony
House Bill 1004
Senate Appropriations Committee
Monday, March 9, 2015; 8:30 a.m.
North Dakota Department of Health

Good morning, Chairman Holmberg and members of the Senate Appropriations Committee. My name is Dr. Terry Dwelle, and I am the State Health Officer of the North Dakota Department of Health. I am here today to testify in support of House Bill 1004. I will be giving you a brief overview of the department and the status of public health in North Dakota. Following my testimony, our Deputy State Health Officer, Arvy Smith, will give an overview of the executive budget request that is the subject of this bill.

Mission

Our mission is “to protect and enhance the health and safety of all North Dakotans and the environment in which we live.” The budget request in House Bill 1004 moves us forward in meeting our mission.

Department Overview

While most people know in general that public health is important, they are not always sure what public health is or how it affects their lives. In fact, the efforts of public health professionals touch the lives of every North Dakotan every day:

- Our **Environmental Health** section monitors the quality of North Dakota’s air and water, ensuring that our environment provides us with a healthy basis for our lives.
- Our **Health Resources** section ensures that health facilities are safely and adequately serving residents and patients, and that food and lodging establishments meet all necessary safety requirements.
- Our **State Forensic Examiner** performs autopsies that provide families with information on their loved ones and give us valuable information for population studies.
- Our division of **Disease Control** monitors infectious diseases, responds to outbreaks, educates the public, and manages state vaccination data. From hepatitis C to Ebola to tuberculosis, disease control detectives work hard to identify and contain disease outbreaks. Their efforts to educate the public and track down sources of illness help to protect us all.

- Our **Community Health** section manages programs that help North Dakotans quit smoking; receive breast, cervical and colorectal cancer screening; improve diet and exercise habits for management of chronic disease and improved quality of life; manage diabetes; care for children with special needs; maintain nutrition levels during pregnancy and the first years of a child’s life; care for health needs of children; and reduce instances of suicide and domestic violence.
- Our **Emergency Preparedness and Response** section ensures that our public health system is prepared and able to respond to emergencies, such as Ebola, floods, fires or tornados; that hospitals and health care facilities are prepared for emergencies; and that our ambulance services are meeting the needs of citizens and provide the best quality of care possible.

Department Goals

The department of health’s strategic plan is guided by our overall mission. In order to accomplish our overall mission, we focus on the following major goals:

- Improve the health status of the people of North Dakota
- Improve access to and delivery of quality health care and wellness services
- Preserve and improve the quality of the environment
- Promote a state of emergency readiness and response

Some of our goals are considered cross-cutting goals, meaning they impact the department as a whole. These goals are:

- Enhancing our capability to manage emerging activities, such as oil impact and flooding;
- Achieving strategic outcomes using all available resources; and
- Strengthening and sustaining stakeholder engagement and collaboration through the Healthy North Dakota Program.

Each of our goals is supported by a list of objectives and outcome performance measures that help us assess our progress toward our goals. In our submitted budget document, we report how we are performing on each objective.

Following on the next page is the department’s strategic plan, which details our goals and objectives.



April 4, 2014

**CENTRAL CHALLENGE:
Protect and Enhance the Health and
Safety of All North Dakotans and
the Environment in Which We Live**

**Improve the
Health Status of
the People of
North Dakota**

Decrease
Vaccine-Preventable
Disease

Achieve Healthy
Weights
Throughout
the Lifespan

Prevent and Reduce
Chronic Diseases and
Their Complications

Prevent and Reduce
Intentional and
Unintentional
Injury

Prevent and Reduce
Tobacco Use and Support
Other Substance
Abuse Prevention

Reduce Infectious
and Toxic Disease
Rates

**Improve Access
to and Delivery
of Quality
Health Care and
Wellness Services**

Promote and Maintain
Statewide Emergency
Medical Services

Enhance the Quality
of Health Care

Improve Access to
and Utilization of
Health and Wellness
Services

Improve Health
Equity

**Preserve and
Improve the
Quality of the
Environment**

Preserve
and Improve
Air Quality

Ensure
Safe Public
Drinking Water

Preserve and Improve
Surface and Ground
Water Quality

Manage
Solid Waste

Ensure Safe Food
and Lodging Services

**Promote a State
of Emergency
Readiness
and Response**

Prepare Public Health
and Medical Emergency
Response Systems

Maintain Hazard
Identification
Systems

Maintain Emergency
Communication and
Alerting Systems

Coordinate Public
Health and Medical
Emergency Response

Manage Emerging Public Health Challenges such as Oil Impact, Flooding and Other Events

Achieve Strategic Outcomes Using All Available Resources

Healthy North Dakota Strengthen and Sustain Stakeholder Engagement and Collaboration

Recent Public Health Activity

As state health officer, I'm proud of North Dakota's public health professionals at both the state and local levels who work hard every day to safeguard the health of all North Dakotans. Here are a few examples you may have heard about over the past two years.

- In the summer of 2013, an outbreak of hepatitis C was discovered in an elderly population in a long term care facility in Minot. An outbreak in this population is highly unusual. Once the outbreak was identified, our Department Operations Center and our incident command system were activated to manage the investigation. With assistance from the Centers for Disease Control and Prevention, our disease control detectives worked to try to identify the source of the outbreak, to stop transmission, and to identify all those who might be affected in order that they could receive appropriate treatment. We determined that the outbreak was not confined to one facility, and we continue to identify more cases associated with the outbreak. We worked with the affected facilities to review infection control practices in order to prevent further transmission of the disease. The fifty-second case of hepatitis C was recently identified and the investigation is ongoing. Though we may never know exactly how the disease was spread, we were able to narrow the likely causes of transmission and prevent further transmission at the initial long term care facility.
- TENORM is technologically enhanced naturally occurring radioactive material, and it is a byproduct of oil production. TENORM comes to the surface during drilling operations and is concentrated in filter socks and oil production equipment. The current limit for TENORM disposal in the state is 5 picocuries per gram, and anything higher than that cannot be disposed of here and must be hauled out of state. Five picocuries per gram is about the equivalent of background radiation. Unscrupulous operators dumped filter socks illegally instead of disposing of them properly. The addition of filter sock containment bins on oil sites has decreased the amount of illegal dumping, but the issue of TENORM disposal remained. The department determined that safe TENORM disposal levels had never been determined from a scientific point of view. We contracted with Argonne National Laboratories to conduct a study on TENORM specific to North Dakota. Argonne's report was recently released, and indicated that the state could safely dispose of TENORM of up to 50 picocuries per gram under certain conditions. The department is recommending that level in a rule change that was the subject of public hearings in January. The comment period closed in early March. Our transparency about this process and our reliance on sound science has earned us support from several major

newspapers across the state. Other states are now looking to North Dakota as a leader in this area.

- A syphilis outbreak in south central North Dakota was identified in 2014. We worked with the South Dakota Department of Health, local public health units, Indian Health Services and the Standing Rock Sioux tribe to coordinate testing, contact tracing and treatment of those affected by the outbreak. The strength of these partnerships has led to a sharp decrease in the levels of transmission of this disease.
- Tuberculosis (TB) continues to affect the Grand Forks community, and several other cases have been identified around the state, including one in New Town that was identified in January. The department supports the efforts of local public health units to test for TB and provide the education, treatment and support necessary to control this disease and prevent further transmission. Public education and consistent messages among state and local public health, private providers, and school officials ensured that parents and community members had access to important information they needed. Early identification of this outbreak and a thorough response helped to contain any further spread of the disease, and ensured proper treatment for those already infected.
- We have taken advantage of several opportunities to exercise our emergency preparedness and response plans and services. One instance involved the relocation of residents of the Baptist home in Bismarck. The other involved the recent opening of the new St. Joseph's hospital in Dickinson. Both moves allowed us to activate our response protocols and assist local public health as if the moves were emergency evacuations. Those opportunities allow us to better prepare for actual incidents that might require evacuation.
- There has been an increase in spills of oil, production fluid and other substances that have the potential to impact public health. In response to public concern, we now list all spills on our website. We adopted a policy of sending out news releases for spills over a certain size or those that affected the waters of the state. We also provide updates to the media regarding cleanup efforts. We continue cleanup efforts on the large Tioga spill that was caused by a leaking pipeline, the Blacktail Creek salt water spill, and other sites around the state. The number of spills and their complexity has provided a challenge to the environmental health section, but the addition of new staff positions will help alleviate the workload and ensure that all spills and their clean up receive the proper attention from our department.

Highlighted Accomplishments – Over the last biennium, The North Dakota Department of Health:

- Received accreditation as HealthLead™ for workplace wellness
- Enrolled 4,100 people in NDQuits in FY 2014, which is 260 more people than were enrolled the previous year
- Screened 2,400 women for breast and/or cervical cancer through the Women's Way program
- Provided funding to 20 domestic violence/rape crisis agencies for intervention, shelter and other services in 2013 to 900 victims of sexual assault along with 4,800 new victims of domestic violence and 4,250 children impacted by domestic violence
- Provided suicide prevention funding of \$850,000 to schools, tribes, and social service and medical agencies
- Provided 5,200 dental sealant applications and 1,800 fluoride varnishes to students at about 50 schools to protect against tooth decay
- Distributed nearly 600 cribs and provided education on safe infant sleeping practices to reduce injury and death
- Achieved an adolescent vaccination rate for Tdap of 95 percent and meningococcal vaccination rate of nearly 94 percent
- Investigated three major infectious disease outbreaks, including hepatitis C (52 cases to date), syphilis (42 cases to date), and tuberculosis (17 cases in 2014-15)
- Activated and staffed the Department Operations Center for 15 incidents and provided medical support for six community events
- Reduced response time and increased emergency capacity by placing equipment and supplies in eight response trailers around the state
- Distributed \$6.2 million in grants and CPR devices to ambulance services and hospitals
- Received the Lieutenant Governor's 2014 Gold Level Award for worksite wellness
- Maintained high compliance rates above national levels for all environmental health regulatory programs while responding to increased needs and 166 citizen complaints relating to environmental quality
- Reviewed and/or investigated approximately 2,806 oil or wastewater spill reports during 2014
- Placed 29 health professionals in shortage areas around the state through the medical and dental loan repayment program, a significant increase from the 18 positions that were supported in the last biennium

- Monitored individuals for Ebola symptoms, hosted educational video sessions for a variety of statewide partners, and prepared for possible Ebola diagnosis within the state

Public Health Future Concerns

Any public health department must prepare for the future, and we are no different. Here are a few issues we think will continue to impact the health department into the future.

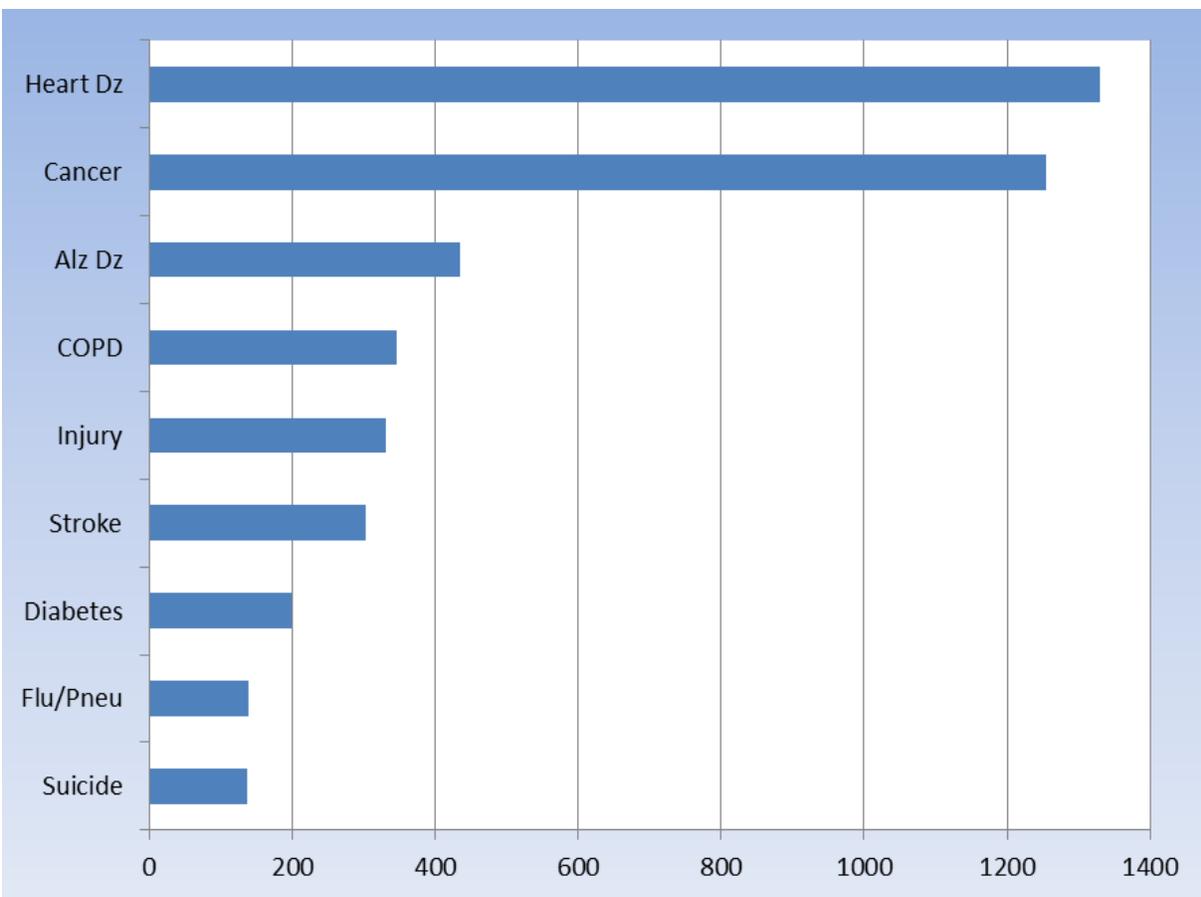
- Energy development in the western part of the state continues to challenge our Food and Lodging Division, which has seen a dramatic increase in licensing for food and housing establishments, including mobile food vendors. A recent audit pointed out issues with inspection reporting and made many useful recommendations, which we are implementing. One new improvement will be a database for inspections that will be accessible on our website.
- The Division of Emergency Medical Services and Trauma licenses and assists ambulance services across the state. These services have been struggling with a shortage of volunteers, which has resulted in the dissolution of at least one ambulance service. This is a serious issue in a rural state, and the DEMST is constantly looking for ways to sustain and improve these vital services. The Department of Health has played a vital role in coordination of the EMS system across the state, including providing grants and training to help sustain services at the local level.
- The rates of infectious diseases, particularly sexually-transmitted diseases, have risen across the state, reflecting a national trend. Providing services to populations in the western part of the state that tend to be more transient has been a challenge in the infectious disease, as well as other program areas.
- Our department relies in large part upon the federal government to provide funding for important public health programs. This funding can fluctuate in unpredictable ways, which makes some of our programs vulnerable. This is likely to continue to cause challenges for the department. Changes in federal programs, such as the implementation of the Affordable Care Act (ACA), also present challenges as we assess the impacts to existing programs and determine how to address future initiatives. Uncertainty over the future of the ACA causes further concerns for vulnerable populations in North Dakota.

Overview of Health Statistics

In order to address public health concerns, we need to know the status of health across the state. Specifically, public health is interested in the impact that events such as disease, accidental injury, and suicide might have on our population.

As a whole population, the six most common causes of death in North Dakota are heart disease, cancer, Alzheimer's disease, chronic obstructive pulmonary disease, injury and stroke.

Number of Deaths, by Leading Causes of Death
North Dakota, 2013

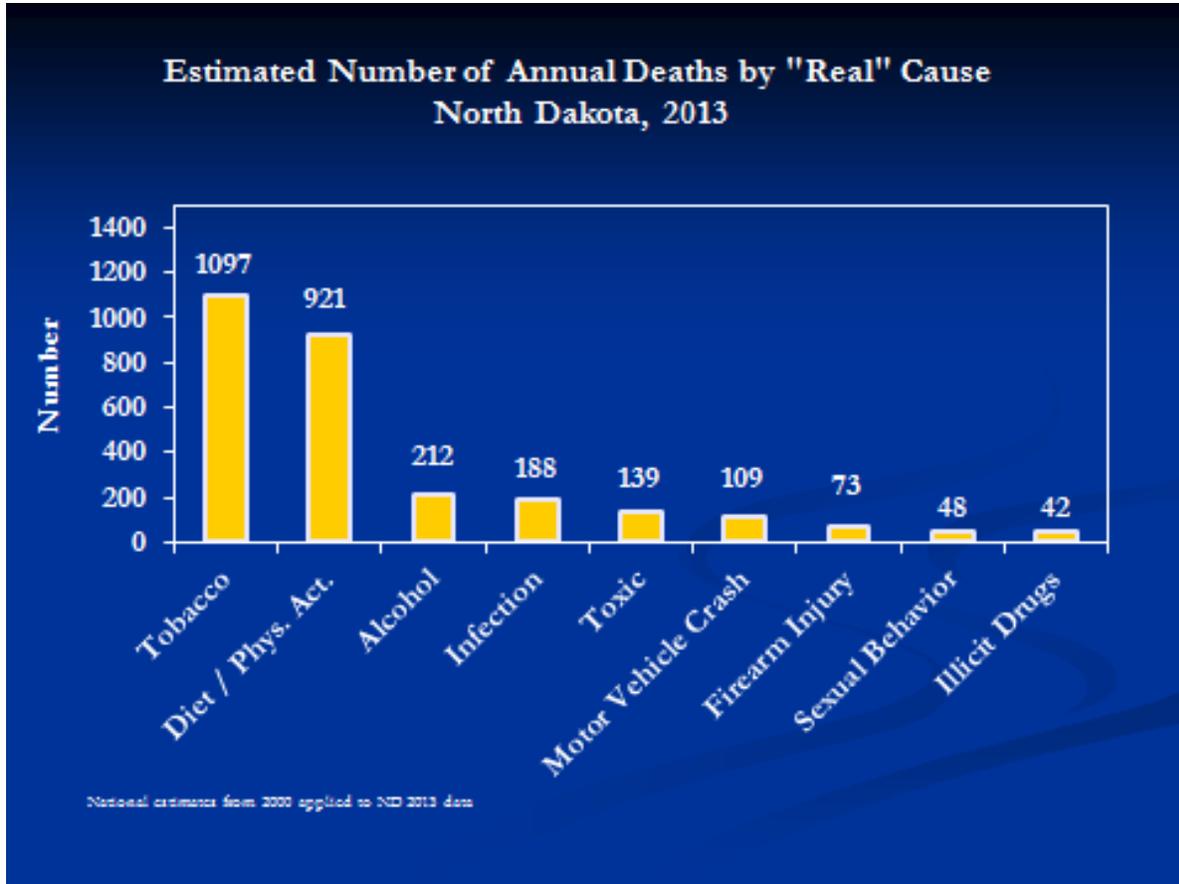


Communities are comprised of individuals across the age spectrum. The chart on this page shows the leading causes of death in North Dakota by age. This information is important in developing appropriate health-related strategies for policymakers, clinicians and public health professionals to improve the health and wellness of all North Dakota citizens.

Unintentional injury accounts for the greatest number of deaths to people between the ages of 1 and 44. Suicide is the number two cause of death between the ages of 15 and 34. The diseases listed on the first graph, heart disease and cancer, don't become common killers until the middle of life, raising to the number one and two slots at 45 years and older.

LEADING CAUSES OF DEATH BY AGE									
NORTH DAKOTA, 2012-2013									
<1	Age 1 to 4	Age 5 to 9	Age 10 to 14	Age 15 to 24	Age 25 to 34	Age 35 to 44	Age 45 to 54	Age 55 to 64	Age 65 +
PRE-MATURITY 24	UNINT. INJURY 9	UNINT. INJURY 2	UNINT. INJURY 3	UNINT. INJURY 73	UNINT. INJURY 80	UNINT. INJURY 83	CANCER 156	HEART 252	HEART 2245
ANOMALY 21	ANOMALY 3	CANCER 1	HOMICIDE 2	SUICIDE 59	SUICIDE 45	SUICIDE 42	HEART 124	CANCER 430	CANCER 1841
SIDS 13	CANCER 1	ANOMALY 1	ANOMALY 1	CANCER 7	HEART 24	HEART 35	UNINT. INJURY 93	COPD 53	ALZHEIMER'S 856
PREG COMP 13			SUICIDE 1	HOMICIDE 6	CANCER 10	CANCER 35	CIRRHOISIS 53	UNINT. INJURY 70	STROKE 593
RESP NB 11				HEART 2	CIRRHOISIS 4	CIRRHOISIS 23	SUICIDE 45	CIRRHOISIS 53	COPD 591
UNINT. INJURY 6				DIABETES 2	STROKE 2	DIABETES 14	DIABETES 27	DIABETES 41	DIABETES 300

Public Health's primary mission is the prevention of the risk factors and behaviors that cause death and disease in North Dakota across the entire age spectrum of the whole population. The next graph shows the underlying risk factors that lead to disease in North Dakota. As you can see, tobacco remains the number one risk factor associated with various cancers and cardiovascular disease, followed closely by poor diet and lack of physical activity, which are associated with diabetes, heart disease, stroke and some cancer.



Governor Dalrymple emphasized in his state of the state address that none of our responsibilities as a state is more important than caring for our people, particularly our seniors, our veterans and our most vulnerable citizens. He also indicated his strong financial support for nursing homes and other service providers. I would like to briefly discuss how the Department of Health supports some of those strategic goals.

In the broad field of health care, the two primary systems are the system of public health and the system of clinical health. Clinical health professionals are primarily trained to diagnose and treat individuals with disease, and in clinical settings, are valuable partners with public health to encourage health and wellness behaviors of individual patients and families. Public health professionals work at the prevention end of the spectrum by influencing behavior that leads to disease. Both systems are important and can benefit from additional collaboration and partnership. The health department encourages that collaboration and those partnerships as a means of enlisting clinical health professionals for support in the fight against development of disease and other health problems.

On the public health side, one of our major strategies to change risky behaviors is to focus on comprehensive wellness at worksites and schools, with schools being viewed as a specialized workplace. Comprehensive worksite wellness has been shown to decrease health care costs by 26 percent, decrease workers' compensation expenses by 32 percent, decrease absenteeism by 26 percent and decrease presenteeism. Presenteeism is when workers or students are present, but due to illness or a medical condition, are not able to be truly attentive and productive. For every dollar invested in comprehensive worksite wellness, there is a \$5.81 return for the workplace.

If we can change risky behaviors in worksites and schools in North Dakota, we will impact a significant portion of our population. Consistent messages for parents at their workplaces and for students in schools will reinforce and encourage healthy behaviors in our society. Healthy students are in a better position to learn, which will positively impact their lives, including their ability to find adequate employment in the workforce.

Health is much broader than just the physical absence of disease. It also includes the emotional, social, spiritual and economic well-being of individuals and families. We have an incredibly bright economic future in this state. We must provide the necessary infrastructure to adequately support the well-being

of families and communities as they are challenged and blessed with economic development.

Conclusion

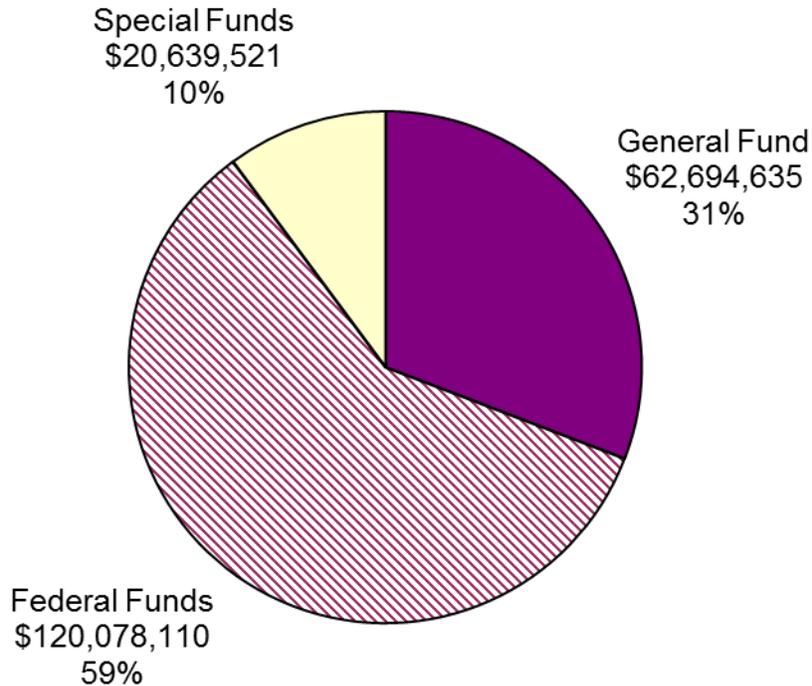
I wanted to take the opportunity to thank you for providing funding and recognizing the importance of our work in public health. With the uncertainty of federal funding, we have come to rely more on the state to take care of its own, the people of the state. The support of Governor Dalrymple and the Legislative Assembly has allowed us to continue our work towards better health for all North Dakotans.

I'd like to ask Arvy Smith to continue with information about the budget of the Department of Health. Several other members of the department's staff also are here to respond to any questions you might have.

Budget Overview

Chairman Holmberg and members of the committee I am Arvy Smith, Deputy State Health Officer for the Department of Health. The total budget for the North Dakota Department of Health recommended by the governor for the 2015-17 biennium is \$203,412,266.

Total 2015-17 Budget by Funding Source



Total \$203,412,266

The recommended general fund budget is \$62,694,635 (31%) of the executive budget. That is equivalent to \$42 per capita per year. Federal funds are recommended at \$120,078,110 (59%), and special funds at \$20,639,521 (10%).

A comparison by funding source and FTE of the department's 2013-15 appropriation, the 2015-17 base budget request (which is the legislative appropriation adjusted for one-time expenses, economic stimulus funding, the salary equity adjustment and other items), and the 2015-17 executive recommendation as presented in the original House Bill 1004 is as follows:

	2013-15	2015-17	HB 1004	Inc/(Dec)
	Legislative	Base Budget	2015-17	Exec Rec to
	Appropriation	Request	Executive Rec	Leg Approp
General	46,001,508	45,556,803	62,694,635	16,693,127
Federal	120,309,143	116,763,623	120,078,110	(231,033)
Special	19,259,291	18,507,317	20,639,521	1,380,230
Total	185,569,942	180,827,743	203,412,266	17,842,324
FTEs	354.00	354.00	373.00	19.00

There are several changes to general funding which will be discussed in detail later. The federal funding decrease represents a net of increases and decreases in federal grants, most notably a \$4.5 million reduction to the Women, Infants and Children food payments. The special fund increase reflects an increase in the use of fees to pay for expenses in the environmental health section, offset by a decrease in use of special funding in the emergency preparedness and response section for the cardiac system of care funded by the Helmsley Foundation. FTE increases are related to oil impact and to an increase in the number of food and lodging inspections required. Additional detail will be provided regarding budget changes later in my testimony.

The department pursues its goals and objectives through six departmental sections – Community Health, Emergency Preparedness and Response, Health Resources, Medical Services, Environmental Health and Administrative Support. Each section is comprised of several divisions that house the individual programs that carry out the work of the section. A copy of our organizational chart can be found at Appendix A. Prepared comments describing all of the sections, divisions and programs are available upon request.

The Community Health and the Environmental Health sections make up 63 percent of our total budget. The Environmental Health section employs almost half of our employees. Our administrative overhead is only 3.32 percent of our total budget.

A comparison of our overhead rates for the last several biennia is as follows:

<u>2007-09</u>	<u>2009-11</u>	<u>2011-13</u>	<u>2013-15</u>	<u>2015-17</u>
2.63%	2.78%	3.57%	3.33%	3.32%

Our overhead costs to administer around 100 different programs have remained low. These rates have held steady over the last several biennia.

Department goals are also pursued through a network of 28 local public health units and many other local entities that provide a varying array of public health services. Some of the local public health units are multi-county, some are city/county and others are single-county health units. Other local entities providing public health services include domestic violence entities, family planning entities, Women, Infant and Children (WIC) sites and natural resource entities. Grants and contracts amounting to \$79.5 million, or 39 percent, of our budget are passed through to the local public health units and other local entities to provide public health services. Approximately \$20.9 million goes to local public health units, and \$25.1 million goes to other local entities. The remaining \$33.5 million goes to state agencies, medical providers, tribal units and various other entities.

Budget By Line Item

The executive budget for the Department of Health by line item is as follows:

	2013-15	HB 1004	
	Legislative	2015-17	Percent
	Appropriation	Executive Rec	of Budget
Salaries and Wages	56,980,799	67,315,887	33.1%
Operating Expenses	38,395,014	46,841,297	23.0%
Capital Assets	2,224,288	3,622,810	1.8%
Grants	57,610,729	59,006,090	29.0%
Tobacco Prevention & Control	5,544,251	6,426,182	3.2%
WIC Food Payments	24,659,861	20,200,000	9.9%
Federal Stimulus Funds	155,000	0	0.0%
Total	185,569,942	203,412,266	100%

Salaries and Wages

Salaries and wages make up \$67,315,887, or 33 percent, of our budget. The majority of the increase to the salaries line item is the recommended salary package, the amount necessary to continue the second year of the 2013-15 biennium increases and the new FTE related to oil impact and food and lodging inspections.

Salary levels have been a major issue for the Department of Health. In some areas our turnover rate is over 20 percent and we continue to face recruitment and retention issues for certain positions, particularly while North Dakota's economy is so strong. Department of Health salaries have not been equitable with other state agency salaries for similar jobs in comparable classifications. In addition, many of our classifications – including environmental engineers,

epidemiologists, chemists and human service program administrators – are paid significantly less than their counterparts in other states and in the private sector.

The new employee classification system as a result of the Hay Study caused severe salary compression issues. Although we have made some progress in this area, we are still experiencing compression issues. The governor included \$5,904,265 with \$3,499,197 from the general fund in our budget to address compression, allow performance increases and pay for health insurance premium increases. In addition, the department received \$1,559,659 for equity adjustment for targeted high turnover, hard-to-fill positions. The equity adjustment and the market policy point adjustment were removed from our budget in the House.

Operating Expenses

Our operating budget of \$46,841,297 makes up 23 percent of our budget. The increase in the operating budget is a result of travel and other operating expenses related to new FTEs, the new environmental health management information system and other increases in contracts.

Capital Assets

Capital assets of \$3,622,810 make up only 2 percent of our total budget. The bond payment on our laboratory, the state morgue and a storage building, and equipment costing more than \$5,000, make up a majority of this line item. The increase is related to several large pieces of laboratory equipment for oil impact activities and digital x-ray equipment for the morgue.

Grants

Grants, which are provided to many local entities across the state, are at \$59,006,090 and make up 29 percent of our budget. The majority of grants are in the Community Health, Emergency Preparedness and Response, and Environmental Health Sections. At a departmental level, the grants line item is up slightly, but this is the net result of several increases and decreases that will be explained later in the testimony.

Special Line Items

There are three special line items included in the executive recommendation. Tobacco Prevention and Control is at \$6,426,182, or 3 percent of our budget. This is up by 16 percent due to increased tobacco settlement funding available and a previously projected increase in federal funding. Note that subsequent to

budget submission, we have learned that this federal grant will likely decrease by approximately \$250,000 per year over the next several years.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Food Payments make up \$20,200,000, or 10 percent of our budget. This is an 18 percent decrease, reflecting the current usage of the program. This line item includes only the actual food payments. Administration by the local WIC sites is included in the grants line item.

The third special line item, which was for federal economic stimulus funds, is eliminated due to final expenditure of that funding source on the immunization interoperability project.

2015-17 Budget

The 2015-17 executive budget provides additional funding to address public health needs in our state and meet our mission to protect and enhance the health and safety of North Dakotans.

Environmental Health Oil Impact \$6,997,130 (14 FTE)

Significant increases in workloads have resulted from the increased energy development in the western part of the state. Many of the caseloads for inspection, permitting, monitoring, complaint investigation and enforcement activities to minimize the environmental impact and protect the public from environmental hazards have skyrocketed. Some examples include 1) air quality industrial construction permits have increased from an average of 20 per year to more than 80 per year; 2) oil well permit registrations have risen from approximately 2,000 to more than 11,000; 3) Safe Drinking Water Act violations have risen from 73 a year to 310 in oil-impacted counties; 4) the number of water and wastewater projects submitted for review/approval have increased from 179 in 2010 to 384 in 2014; and 5) industrial/oilfield special waste has increased from 10,000 tons in 2001 to an estimated 2,100,000 tons in 2014. There are many more examples. At the close of my testimony we will present you with additional details on the environmental activity in the western part of the state.

To address these needs, the governor’s budget provides funding and FTE for the environmental health section as follows:

14 FTE	\$2,039,377
Associated operating expenses	\$456,934
Legal Fees	\$270,000
EH Management Information System	\$3,340,819
Equipment	\$840,000
Grants	<u>\$50,000</u>
Total	\$6,997,130 (\$3,997,650 general)

We are able to access just under \$3 million in federal and special funding (from radiation fees) to assist in paying for some of this expense. The one-time general fund portion of this is \$303,400.

House Adjustments

The House provided funding for six of the 14 FTEs and their associated operating expenses. They also removed \$50,000 in grants for spill cleanup where there is no responsible party, \$270,000 for oil impact legal costs and \$3,400,819 for the management information system.

Immunizations \$755,953

In order to continue to provide free vaccines for children at the local public health units, we need an additional \$576,853. The current \$2.5 million included in the base budget is not sufficient to pay for the vaccine in the current biennium. We have asked for \$470,900 in the deficiency bill (SB 2023) to be able to pay for the costs in the current biennium. The increase is due to the increasing cost of vaccines and new immunization recommendations. An additional \$179,100 is included for a school module in the North Dakota Immunization Information System (NDIIS) to improve compliance with school immunization requirements and simplify processes for parents, schools and providers. Currently, about 10 percent of children entering kindergarten are not up-to-date for required immunizations. This system will save many hours of entering and tracking vaccinations in a separate system. The one-time general fund portion of this request is \$179,100.

House Adjustments

The House funded the \$576,853 for vaccines at local public health units but did not include funding for the immunization school module.

Infectious Disease \$550,000

During the current biennium, the Division of Disease Control has been responsible for identifying, responding to and managing three large infectious disease outbreaks, including a large tuberculosis outbreak in Grand Forks County, a hepatitis C outbreak in Ward County, and a syphilis outbreak in Sioux County. In addition, they are now participating in activities to prepare the state to respond to an Ebola case should one occur in the state, and to monitor individuals coming into the country from Ebola infected countries. Some of the burden of these activities falls on local public health units. Due to budget constraints, we are able to provide only limited support to local entities. This funding establishes a \$500,000 catastrophic fund to respond to infectious diseases wherever they occur in the state. An additional \$50,000 is included for centralized tuberculosis medication distribution.

House Adjustments

The House did not include funding for either the catastrophic fund or the tuberculosis medication distribution.

Medical Examiner Services \$224,000

From 2004 to 2012, the number of autopsies performed by the Medical Examiner's Office has steadily increased. Accreditation standards indicate that one forensic examiner should perform only 225 to 250 autopsies per year. To address this, the governor recommends \$640,000 to contract with University of North Dakota Medical School to perform all autopsies for selected counties on the eastern part of the state, which total approximately 160 per year. \$480,000 has been included in the base budget and an additional \$160,000 was added by the governor. An additional \$44,000 is provided for equipment to replace the original portable X-Ray machine. Also, \$20,000 is provided to modify the Electronic Vital Event Registration System (EVERS) to receive and review death records electronically. The one-time general fund portion of this request is \$64,000.

House Adjustments

The House did not provide funding for any part of this request, keeping the UND Medical School contract at the current level of \$480,000. UND Medical School conducted 231 autopsies during 2014; 48 of those were from Grand Forks County, which were already being conducted by UND Medical School through another arrangement with Grand Forks County, prior to the contract with the Department of Health.

Food and Lodging Staffing \$792,016 (5 FTE)

Additional staff are being requested to address not only the increased regulatory work associated with oil activity, but also to address recommendations of a recent programmatic audit conducted by the State Auditor's Office.

Approximately 250 new food and lodging establishments have been licensed and inspected in the last two years, most from oil impacted counties. Pre-operational inspections on new establishments are more time consuming than routine inspections. Enforcement action on unlicensed and non-compliant licensed facilities has steadily increased over the last couple of years as well. The audit recommended that the division comply with Food and Drug Administration (FDA) guidelines regarding staffing levels and implementing a risk-based inspection system. According to the FDA standard, low risk food operations should be inspected once per year while the highest risk operations should be inspected four times per year. This results in an additional 1,600 more inspections per year. Also, according to FDA, one full time employee should perform between 280 and 320 inspections per year. Currently each full time employee conducts over 500 inspections each year.

House Adjustments

The House funded one of the five recommended FTEs and the associated operating expenses. The department will not be able to comply with the audit recommendations at this level.

Suicide Prevention \$500,000

Funding for suicide prevention is increased \$500,000 to fortify efforts for youth and underserved populations. Funding will be used to increase suicide prevention education and training across the state to professionals who provide services to the 10 to 24 year old population, develop and distribute new media materials, increase suicide prevention in medical facilities, and provide better referral resources to physicians.

House Adjustments

The House funded \$150,000 of the requested increase.

Loan Repayment Programs \$712,500

Additional funding is provided to expand the current loan repayment programs and to establish a new behavioral health loan repayment program. Funding will add two physicians each year, one midlevel practitioner each year, one dentist and five behavioral health professionals each year, which will include one psychologist and four professionals who are social workers, addiction

counselors, professional counselors, psychology nurse practitioners, registered nurses or licensed practical nurses working in the behavioral health field. The need for these providers is demonstrated through the Health Professional Shortage Area federal designation. Ninety-two percent of the state is designated as a Primary Care Health Professional Shortage Area while 94 percent is designated as a mental health shortage area and 33 percent is designated as an oral health shortage area. Loan repayment is an incentive that has proven to be effective in recruiting health care providers to serve in rural and underserved areas of the state. Of 23 physicians who have completed their program obligation, 19, or 83 percent, remained at the same practice site one year following completion of the loan repayment program and all have remained in North Dakota.

House Adjustments

The House did not provide funding of \$555,000 for the behavioral health loan repayment program or funding for an additional dentist, but did provide funding for the additional physicians and midlevel practitioners. The House passed HB 1396, which repealed the physician and midlevel practitioner laws and created one new, standardized health care professional loan repayment program, which includes the behavioral health practitioners. By spreading the loan repayments out over five years rather than two, the funding provided in the House version of HB 1004 can accommodate the professional loan repayments allowed under HB 1396. We are concerned whether this will be adequate incentive for physicians who will now receive \$150,000 when including the community match or \$30,000 per year for five years instead of \$90,000 or \$45,000 per year for two years. Also, the language in HB 1396 reduces the amount for midlevel practitioners from \$30,000 over two years to \$22,000 or \$4,400 per year with community match over five years.

HB 1004 had also included language standardizing the dental loan repayment program laws to be consistent with the medical loan repayment program to allow awards to as many practitioners per year as funding supports instead of the current limit of three per year. The House removed this language in HB 1004. However, the language is included in SB 2205.

State Medical Cache \$989,000

The state medical cache, currently valued at \$11.4 million, contains public health and medical supplies, equipment and pharmaceuticals that are used for

emergency response by local and state public health and private medical responders. Those responders include public health units, hospitals, clinics, long term care facilities, laboratories, emergency medical services providers and others. Additional needs have been identified as a result of actual responses to emergencies, drills and exercises, and planning efforts. The state medical cache currently has sufficient public health and medical supplies and durable medical equipment to care for 1,500 patients for one week. Due to events such as the 2009, 2010 and 2011 flooding, the natural gas pipeline explosion that affected many of the medical facilities on the eastern side of the state, train derailments and warehouse fires in 2014, we recognized that capacities needed to be increased to care for at least 3,000 people per week. Additional items that are needed include disposable medical supplies such as bandaging, linens, oxygen, laceration trays, catheters, intravenous starter sets, defibrillator pads, alcohol swabs, glucose strips, syringes, lifts, stretchers and wheelchairs. Hospitals do not have sufficient quantities of supplies and equipment to meet this need and delivery from the federal government would typically not be available for 72 hours. The funding allows for \$959,000 in health and medical shelter supplies and \$30,000 for conversion of two additional school busses into stretcher/wheelchair coaches for patient transfer. The entire amount is a one-time general fund expense.

House Adjustments

The House did not fund this request.

Salary Equity \$1,559,659

Continued oilfield, municipal and industrial development has resulted in the need for environmental professionals in the private sector, creating job opportunities for trained environmental staff such as those in the Environmental Health Section of the department. As a result, the section is losing employees with five to ten years of experience, resulting in increased staff workloads related to recruiting, hiring and training new employees. We are experiencing turnover rates of over 20 percent in some areas. In addition, although there has been some improvement, compression still exists as a result of implementing the Hay classification system. As directed by Office of Management and Budget, the salary equity package will be targeted at hard-to-fill professions and will not be given across the board.

House Adjustments

The House did not fund this request.

Local Public Health State Aid \$1,000,000

An additional \$1,000,000 is provided to local public health units for a total of \$5,000,000 to support their injury prevention strategies and response to environmental health needs across the state. Public health threats may include food borne outbreaks, water supply contamination or natural disasters such as floods and tornados. Local public health unit budgets continue to be tight due to decreasing, hold-even or only slightly increasing federal pass-through funding from the state, which makes it difficult for LPHUs to fund inflation and other rising costs.

House Adjustments

The House funded \$250,000 of this request.

Emergency Medical Services Assistance Fund \$1,600,000

Funding for emergency medical services grants is increased from \$6,400,000 to \$8,000,000. Rural ambulance services are experiencing a shrinking volunteer workforce, increasing populations, increases in medical severity of patients, increases in uncompensated care, and increases in the cost of equipment. Since there is no mandate for EMS in the state, there is no one entity charged with the financial support of ambulance services. Most ambulance services do not generate enough revenue to cover expenses. The grants are used to offset operating expenses such as staffing, on-call pay, supplies and other operational expenses.

House Adjustments

The House funded \$500,000 of this request.

Domestic Violence/Rape Crisis \$500,000

An additional \$500,000 is recommended for grants to the 20 domestic violence/rape crisis centers to provide prevention and intervention services to victims of domestic violence and sexual assault. Current funding is at \$2,050,000. There has been an increase in the numbers of incidents and victims that are being reported in the past two years by crisis centers in Williston, Dickinson, Minot, Stanley and Beulah. However, agencies across the state are also feeling the impact of the increased populations and affordable housing shortages. Lack of local resources is also an issue. Victims seeking services have more complex needs than in the past. Advocates provide the initial crisis response to victims seeking assistance at the centers, which includes counseling, filing protection orders, making arrangements to get victims back to another state, assisting with immigrant status, short-time emergency shelter,

referrals for treatment of mental health needs, substance abuse and trauma care. When victims are able to take the next steps to survivorship, advocates assist victims seeking affordable housing and jobs or educational opportunities. The additional funding would help agencies hire additional advocates, offer competitive wages and pay for increasing shelter costs.

House Adjustments

The House funded \$200,000 of this request.

Women’s Way Services \$500,000

In the current biennium, \$400,500 from the Community Health Trust Fund (CHTF) was used to support the Women’s Way program. Due to a federal funding reduction to the Behavioral Risk Factor Surveillance System (BRFSS) program, we used CHTF funding of \$520,500 for BRFSS and requested general funding of \$500,000 in the optional package for Women’s Way. The Governor approved the general fund request of \$500,000 for Women’s Way.

House Adjustments

The House removed the \$500,000 Women’s Way funding from the general fund and added \$414,000 back from the CHTF, leaving the CHTF with a projected ending balance of -\$398,322. If the fund is not made whole, we will need to prioritize our spending from the CHTF and reduce some programs accordingly.

Other House Adjustments

In addition to the adjustments mentioned earlier, the House reduced our operating budget by \$300,000 from the general fund. Also, a funding switch approved in the executive budget of \$91,999 from the general fund to special funding was inadvertently missed when the House adopted the cost to continue changes. Together these two items underfund our budget by almost \$400,000.

The House also added a section to existing North Dakota Century Code requiring veterinarians accepted into the veterinarian loan repayment program be employed full-time in the private practice of veterinary medicine.

Federal Funding Issues

As indicated earlier, almost 60 percent of the Department of Health budget comes from the federal government in the form of approximately 80 federal grants. The status of our federal funding is often uncertain. With that uncertainty, we prepared our budget by assuming that federal grant amounts

will hold even, unless we were certain otherwise. Since we first testified in the House, we have been notified that we may be receiving almost \$3 million in federal funding for Ebola and other disease health care system preparedness, to monitor cases and improve infection control assessment and lab capacity. This funding is currently not in HB 1004. We will need spending authority, but will not know until later which line items will require that authority. We recognize that as we proceed through the next biennium, we will have to make adjustments to our budget, operations and possibly staffing as the federal funding picture becomes clearer.

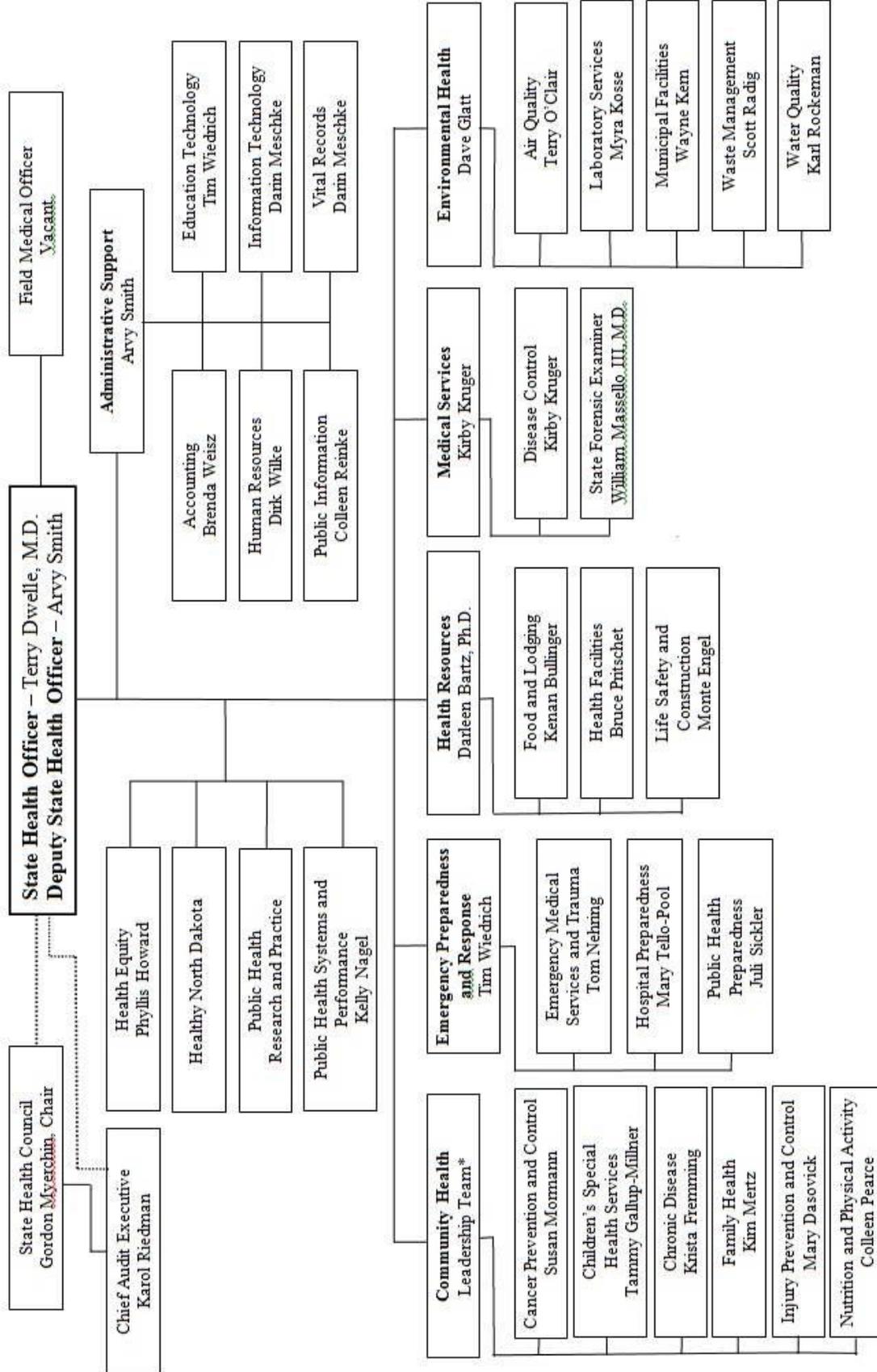
Budget Summary

Attachment B provides a schedule that summarizes the House changes by the line item to the executive recommendation contained in the original HB 1004.

Conclusion

The executive budget for the Department of Health addresses many important community public health needs. It provides much needed funding to deal with impacts of energy development in the west, and provides much needed medical resources in the form of professional loan repayments, and state medical cache and emergency medical services grants. By providing additional resources to the local public health units, the executive budget allows us to systematically work together to meet our public health goals.

Chairman Holmberg, members of the Committee, this concludes the department's testimony on House Bill 1004. Terry O'Clair, Director of the Air Quality Division of the Environmental Health Section, will now present a report regarding the environmental impacts in the western part of the state. After that our staff and I are available to respond to any questions you may have.



*The six division directors share responsibility for management of the Community Health Section.

Appendix B

**North Dakota Department of Health
House Bill 1004
House Changes to Executive Recommendation**

	Executive Rec.	House Changes	House Version
Salaries and Wages	67,315,887	(5,451,748)	61,864,139
Operating Expenses	46,841,297	(6,235,970)	40,605,327
Capital Assets	3,622,810	(134,000)	3,488,810
Grants	59,006,090	(3,105,000)	55,901,090
Tobacco Prevention & Control	6,426,182	(12,467)	6,413,715
WIC Food Payments	20,200,000	-	20,200,000
Total All Funds	203,412,266	(14,939,185)	188,473,081
Less Estimated Income	140,717,631	(2,396,760)	138,320,871
Total General Fund	62,694,635	(12,542,425)	50,152,210
		-	
Full-time equivalent positions	373.00	(12.00)	361.00