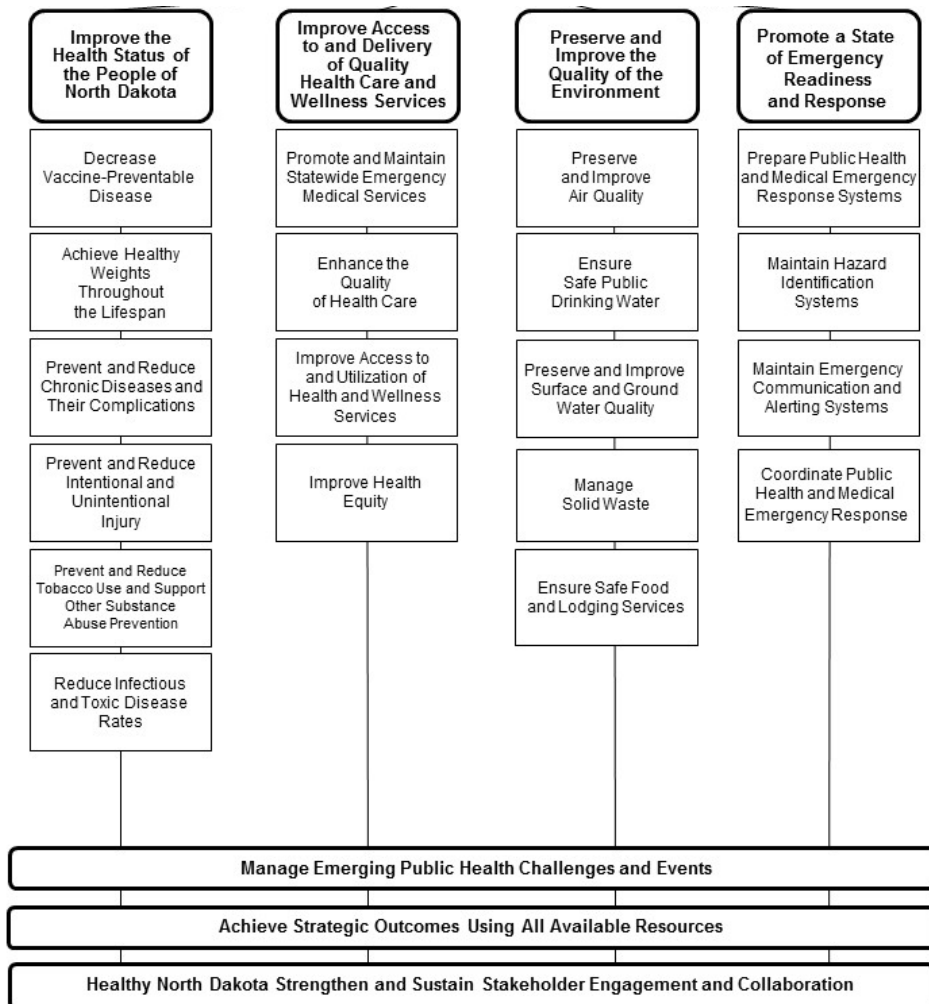


Good morning Chairman Nelson and members of the House Appropriations Committee. My name is Mylynn Tufte and I am the State Health Officer for the North Dakota Department of Health (NDDoH). I am here today to testify in support of House Bill 1004.

Mission

The mission of the Department of Health is to **improve the length and quality of life for all North Dakotans**. To accomplish our mission, we focus on seven major goals. Each of our goals is supported by a list of objectives and outcome performance measures that help us assess our progress toward our goals. Below is the department’s 2016-2020 strategic plan which details our mission, goals and objectives. We’ve already begun the process of creating a new strategic plan.



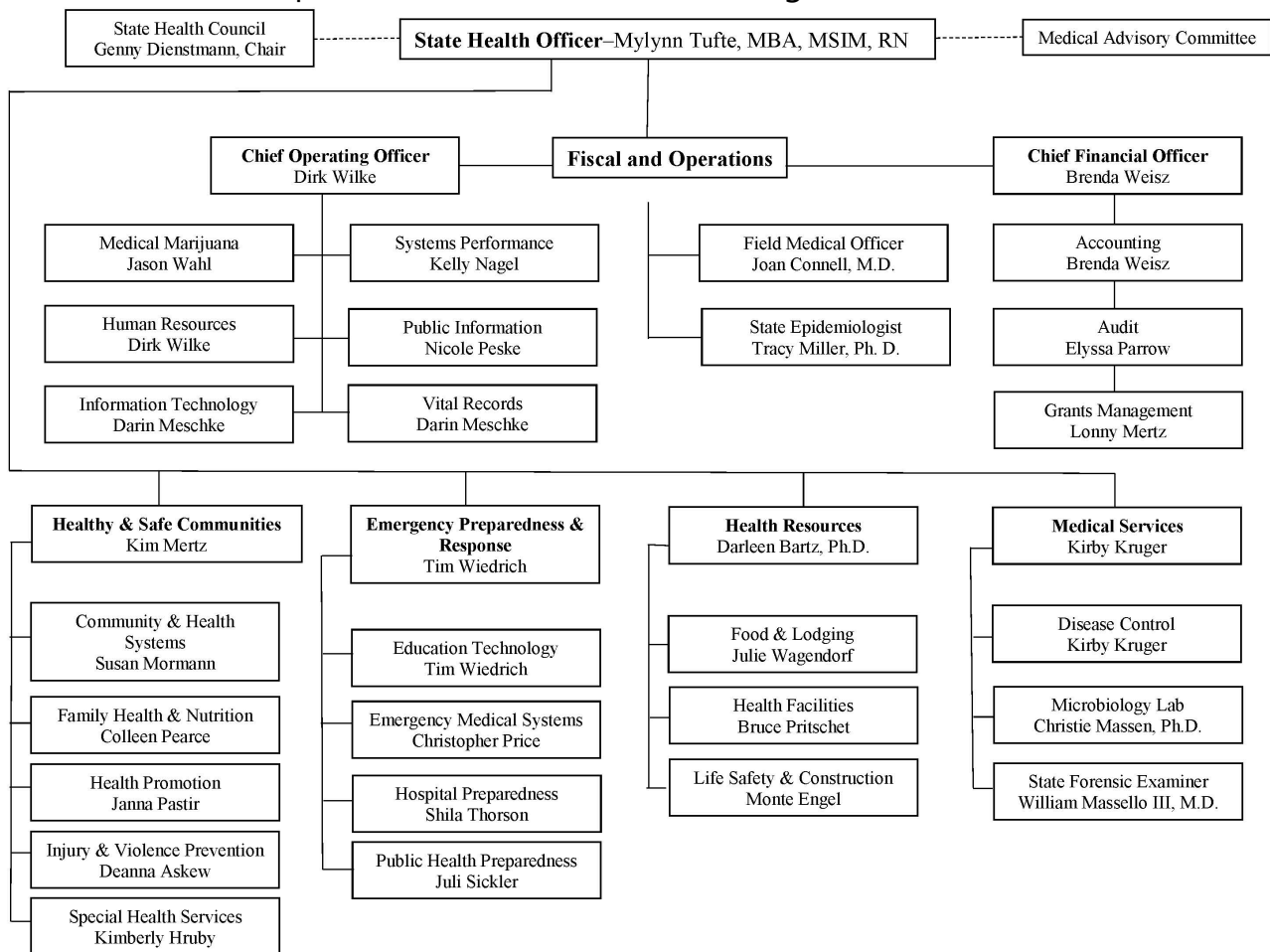
Department Overview

The department pursues its goals and objectives through five departmental sections:

- Fiscal and Operations
- Healthy and Safe Communities
- Emergency Preparedness and Response
- Health Resources
- Medical Services

During the 2017 Legislative Session, the Department of Environmental Quality was established. They are on target to complete their separation by the July 1, 2019 deadline.

Each section is composed 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 below. Descriptions of the sections, divisions and programs are available in our biennial report on our website at ndhealth.gov.



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 **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 division of **Disease Control** monitors infectious diseases, identifies and contains disease outbreaks, educates the public, and manages state vaccination data.
- Our **Healthy and Safe Communities** section manages programs that help North Dakotans quit smoking; receive breast, cervical and colorectal cancer screening; improve diet and physical activity 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 women, infants and children; and reduce injuries, suicide, and domestic and sexual violence.
- Our **Emergency Preparedness and Response** section ensures that our public health system is prepared and able to respond to emergencies, such as Zika, 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.

Accomplishments

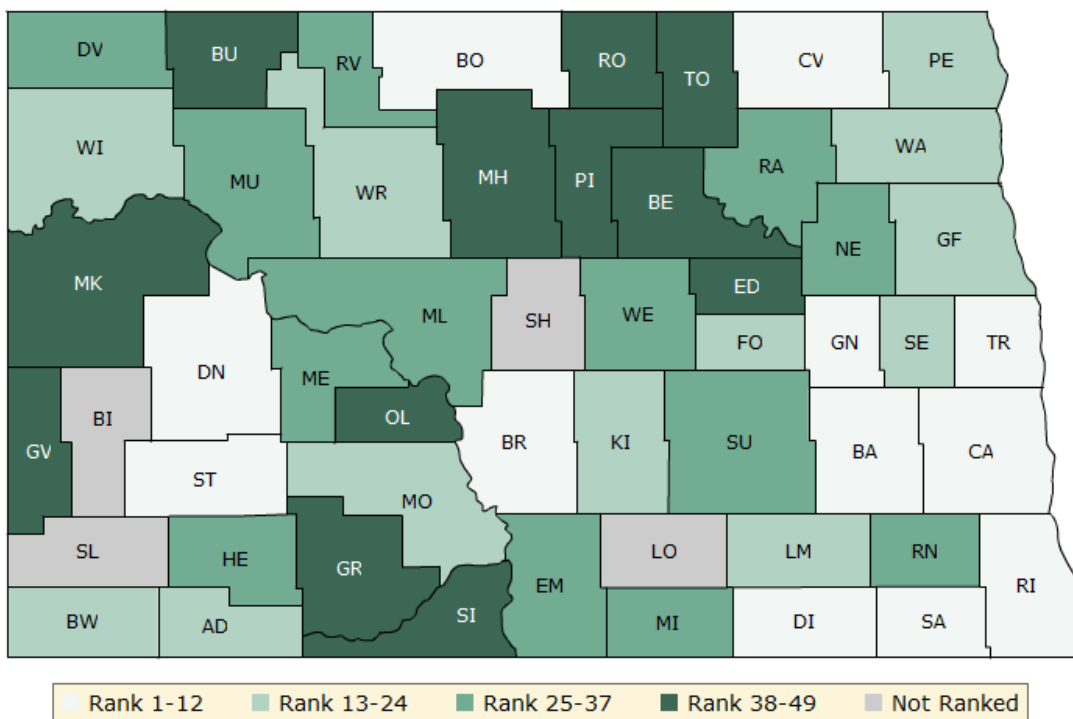
At the close of the 65th Legislative Session, we were asked to focus on 3 main items. I'm pleased to report we are expecting a successful execution of these tasks:

- SB 2344 asked the Department of Health to implement a Medical Marijuana Program. At this time, the Division of Medical Marijuana is accepting patient and designated caregiver applications, will start issuing cards next week and has selected 4 dispensaries and 2 manufacturing facilities for certification. The application for the remaining 4 dispensaries is opening at the end of the month and usable medical marijuana is anticipated to be available in February.

- SB 2024 eliminated the Center for Tobacco Prevention and Control and transferred the accountability for tobacco prevention to the Department of Health.
- SB 2327 established the North Dakota Department of Environmental Quality, formerly the North Dakota Department of Health’s Division of Environmental Health. DEQ is on track to officially complete their separation by July 1.

Main Street Initiative

The North Dakota Department of Health has been a champion for the Main Street Initiative, chairing the Healthy & Vibrant Communities Workgroup and helping local communities become healthier. When our communities are healthy, our state is healthy. This chart from the North Dakota County Health Rankings illustrates the diversity in health across our state.



Source: 2017 County Health Rankings North Dakota
http://www.countyhealthrankings.org/sites/default/files/state/downloads/CHR2017_ND.pdf

The Main Street Initiative has three pillars: Healthy & Vibrant Communities, 21st Century Workforce and Smart & Efficient Infrastructure. Our commitment to Main Street makes sense because public health touches each of these pillars. Here is just a sampling of our success:

Healthy & Vibrant Communities

- Supported over 30 regional, tribal and local community suicide prevention projects. Screened over 40,000 patients on depression and suicide; 518 received follow-up care and 340 were referred for symptoms of substance abuse disorder.
- Provided funding to 20 domestic violence/rape crisis agencies to provide crisis intervention, shelter and other services.
- Created the Cardiac Ready Communities designation. Currently five communities have reached this designation and 21 have signed letters of intent.
- NDQuits served 7,000 tobacco users in the last biennium. More than 36 percent were tobacco free seven months after completing the program.

21st Century Workforce

- Placed 42 health professionals in shortage areas through the State Loan Repayment Program.

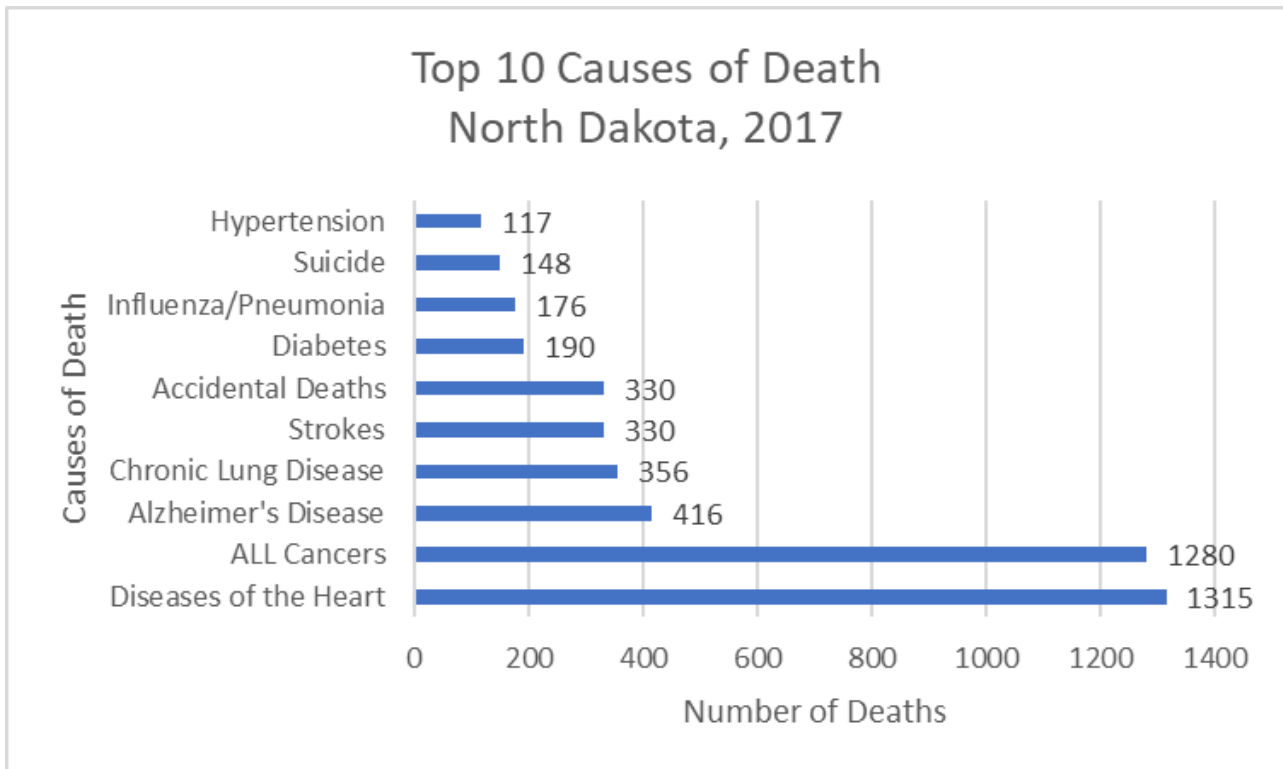
Smart & Efficient Infrastructure

- Included Naloxone administration into the scope of practice for all EMS. Currently 75 percent of ambulance services in ND carry naloxone or have staff trained to use it.
- The Division of Food and Lodging conducted over 6,000 inspections of licensed facilities.

Health Statistics Overview

This past December, North Dakota's 2018 Health Rankings were released by America's Health Rankings. We were thrilled to see North Dakota rose 5 spots from 18 to the number 13 healthiest state in the nation. We were praised for our high immunization rates among adolescents, our clean air and our low levels of low birthweights. While this trend is something to celebrate, we also know we have work to do. As the chart below shows, the five most common causes of death in North Dakota remain heart disease, cancer, Alzheimer's disease, chronic lung disease and stroke.

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. Tobacco remains the number one risk factor associated with various cancers and cardiovascular disease, followed closely by poor diets and lack of physical activity, which are associated with diabetes, heart disease, stroke and some cancer.



Social Determinants of Health

Social Determinants of Health have a major impact on health outcomes – especially for our most vulnerable populations. In fact, the Kaiser Family Foundation noted in research that “based on a meta-analysis of nearly 50 studies, researchers found that social factors, including education, racial segregation, social supports, and poverty accounted for over a third of total deaths in the United States in a year.”

The World Health Organization describes social determinants of health as the conditions in which people are born, grow, live, work and age. These circumstances are shaped by the distribution of money, power and resources. In

the past year, the Department of Health hired a Health Equity Coordinator to improve efforts departmentwide to bridge the gap for these individuals.



In closing, I'd like to express gratitude to you for your service and thank you in advance for your support as we strive to create a healthier North Dakota that improves our citizens length and quality of life. At this time, I'd like to turn it over to Brenda Weisz our Chief Financial Officer to continue with information about the Governor's Budget Recommendation.

Budget Overview

Good morning Chairman Nelson and members of the committee. I am Brenda Weisz, Chief Financial Officer for the Department of Health. The total budget recommended by the Governor for the Department of Health for the 2019 - 2021 biennium and reflected in House Bill 1004 is \$159,829,866. I have included Attachment A for ease in following my testimony in support of the Governor's recommended budget. I will first address the base budget for 2017 -2019, walk you through the budget changes to arrive at the Governor's Recommendation and close with a final summary.

2017 - 2019 Base Budget

The department pursues its goals and objectives through five departmental sections – Fiscal & Operations, Healthy and Safe Communities, Health Resources, Medical Services, and Emergency Preparedness and Response. Each section is composed of several divisions that house the individual programs that carry out the work within the section.

The base level budget reflected in HB 1004 is the first time the budget for the Department of Health will not contain the Environmental Health Section. During the 2017 Legislative Session, SB 2327 established the Department of Environmental Quality (DEQ). While DEQ will be a separate state agency, the Department of Health will continue to provide shared services comprised of the following: accounting, budgeting, contracting, federal grant review, payroll and human resources / personnel management.

Also reflected in the base budget is the continuation of the Tobacco Prevention and Control Program, with the additional funding included in the budget as passed during the 2017 Legislative Session after the elimination of the state agency - Tobacco Prevention and Control Executive Committee on Tobacco. The program continues to improve and protect the health of North Dakotans by reducing the negative health and economic consequences of the state's number-one cause of preventable disease and death - tobacco use.

The base budget also reflects the new Medical Marijuana Program. To date we have developed administrative rules, registered two manufacturing facilities, awarded four dispensaries in the cities of Bismarck, Fargo, Grand Forks and Williston. Beginning in October, the Department of Health also began to accept applications from qualifying patients and designated caregivers with approximately 150 applications by the beginning of January. We anticipate printing registry identification cards for these individuals by the middle of January and having product available in February. Finally, on Tuesday of this week the Department of Health released draft dispensary application materials for the Devils Lake, Dickinson, Jamestown, and Minot dispensary regions.

2019 – 2021 Budget Changes as Recommended by the Governor

In April 2018, the Governor released budget guidelines requesting the Department of Health to submit a 90 percent general fund budget, a 90 percent special fund budget, and 5 percent reduction in FTE. Below is an overview of the net effect of those reductions along with other changes made to the 2017 – 2019 base budget to arrive at the Governor’s recommended budget for the 2019 – 2021 biennium.

FTE – 5 Percent Reduction - General Fund - \$221,000; Special Funds - \$57,000

- Fiscal and Operations – reduces a .50 Account Technician in the Accounting Division as result of streamlining workflow and processes, as well as a 1.0 Office Assistant in the Medical Marijuana Division due to the capabilities of the new Information Management System selected for the program.
- Medical Services – reduces a 1.0 Field Epidemiologist due to streamlining and serving the western portion of North Dakota with one field epidemiologist.
- Health Resources – reduces a 1.0 Administrative Assistant as a result of planned automation to the Nurse Aid Registry and a 1.0 FTE Health Care Surveyor in the Health Facilities Division as we look for efficiencies in the survey process.

- Healthy and Safe Communities:
 - Reduces a 1.0 Administrative Assistant as a result of efficiencies being implemented with the administrative assistant staffing throughout the section. The funding from this position which was 100 percent federal funds is being reinvested in the breast and cervical cancer program.
 - Reduces a .50 Public Health Nurse consultant position in the Health Promotion Division. The funding from this position was 100 percent special funds and was reinvested in the school sealant program.
 - Reduces a .50 Public Health Nurse consultant position in the Injury and Violence Prevention Division. The funding from this position was a combination of general fund and federal funds

and was reinvested as the newly established Health Equity Coordinator.

- Emergency Preparedness and Response - reduces a 1.0 Administrative Assistant in anticipation of efficiencies being proposed within the section.

Other Changes by Section

Fiscal and Operations

- Reduces \$525,000 in general fund for grants to Local Public Health State Aid with the intent to encourage efficiencies among local public health units and coordination of services among regions. With this change, the budget reflects total Local Public Health State Aid of \$4,725,000.
- Increases the fees charged for birth and death certificates and the retaining of those fees in our operating fund to cover the costs of operations for the Vital Records Division. This will result in a decrease of \$1.5 million in the general fund needed for operations, which would be subsequently replaced with \$1.9 million in special funds to self-fund the services provided to North Dakota citizens. This change reflects an increase for both death and birth certificate fees, which have remained unchanged since 1983. Birth certificates will increase from \$7 per birth certificate to \$15 per certificate. Death certificates will increase from \$5 to \$15 for the first copy and \$10 for subsequent copies when requested at the same time. This change in fees will be more consistent with fees charged in the Midwest region. Any collections that exceed the amount appropriated will be transferred to the general fund at the conclusion of each biennium. The Governor's Recommendation also includes technology projects to enhance reporting functionality and training for registrations of state deaths along with reengineering the methods to order birth certificates to improve accessibility by customers. The changes required by North Dakota Century Code to support this action are reflected in Attachment A, Section 7.
- Reduces just over \$740,000 in special funds due to the Medical Marijuana program being appropriated with a continuing appropriation, and therefore, no longer requiring a special fund appropriation. Beginning in the 2019 – 2021 biennium, the Medical Marijuana program

will be supported by registration and application fees. The expected budget for this area for the 2019-21 biennium is \$1.4 million with five staff.

- Reduces \$260,000 in miscellaneous special fund grant sources that have ended or will no longer be pursued.

Medical Services

- Reinstates the Forensic Examiner's Office, including the 3.0 FTE which were initially proposed to be transferred to the UND Pathology Department. During our budget strategy review with the Governor's Office and OMB in May 2018, we did have discussions regarding the UND Pathology Department performing all forensic examinations for ND for the following reasons:
 - UND is better positioned to leverage research grants to assist in the funding for forensic examiner services for the state.
 - UND may be able to initiate a forensic pathology fellowship.
 - UND generally employs 4 forensic pathologists on staff and perform autopsies for 21 eastern ND counties through contract with the Department of Health.
 - UND utilizes an electronic forensic reporting system, while the Department of Health currently utilizes a manual recordkeeping system.
 - While distance/ transportation costs to Grand Forks could be an issue for western counties, the Bismarck facility could be a satellite.

After discussions with UND and OMB, we did not move forward with the proposal since the level of efficiency we had hoped to gain could not be realized at this time.

- Adds funding of \$1,220,000 to the Microbiology Lab to update the HVAC system in the south annex and replace the roof in the north building. Heating and air issues have been constant at the Lab during the current biennium, along with water issues from a leaking roof. These improvements will allow the team at the Lab to focus less on facility management issues (such as addressing alarms and system shutdowns), and direct their full attention to being microbiologists and

managers. These upgrades are funded from the Strategic Investment and Improvements Fund as outlined in Attachment A, Section 2, One-Time Funding and Section 6, Strategic Investment and Improvement Fund.

- Adds funding of \$450,000 to upgrade the Laboratory Information Management System (LIMS). The current system was purchased and placed into production in 2004. The current version will sunset in the fall of 2019 and will no longer be supported by the vendor unless upgraded. The project is funded with \$360,000 from federal grants and \$90,000 from the general fund. An emergency clause has been recommended due to one of the federal grants being available for the upgrade until July 31, 2019 and will no longer be accessible after that time. This amount is reflected in Attachment A, Section 2, as One-Time Funding and the emergency clause is included in Section 8.

Health Resources

- Adds funding for one FTE and corresponding operating costs in the Food & Lodging Division to provide additional supervision, monitoring and oversight in the amount of \$186,000 from the general fund.

Healthy and Safe Communities

- Reduces general fund by \$64,480 for professional services related to the colorectal cancer program due to changes in the program with more efficient screening methods.
- Reduces general fund for grants of \$50,000 for the Domestic Violence Offender treatment program to align with current spending levels and with department priorities.
- Reduces general fund by \$845,000 in the Tobacco Program with a majority of the reduction made in media services. The goal of tobacco cessation will still be met with planned grants and contracts included in the Governor's Recommendation.
- Includes one-time funding of \$354,554 for the continuation of the WIC EBT project. The WIC EBT project started in the current biennium with the goal to convert the distribution of benefits from a paper process to an electronic benefit transfer. The funding for this change is supported by federal funding and is to be completed by October 1, 2020. The

request for additional one-time funding is due to costs for the completion of the project being more than estimated after receiving the bids for the system implementation. This amount is reflected in Attachment A, Section 2, as One-Time Funding.

- Funds tobacco grants for cessation to Local Public Health (LPU) from the Community Health Trust Fund, which are currently funded in the base budget from the Tobacco Prevention Control Trust Fund. The funding for LPH tobacco cessation is being held even at \$6.5 million.
- Shifts funding from the Department of Human Services (DHS) to the Department of Health Tobacco Program to comply with Synar Program enforcement requirements. We are currently completing these requirements for DHS through a contract - \$75,000.
- Transfers the Suicide Prevention Program to DHS along with 1.0 FTE. General fund of \$1.2 million will be included in the Behavioral Health Division of the Governor's recommended budget for DHS. Both agencies are in support of this move. The Centers of Disease Control and Prevention has reported that the suicide rate in North Dakota has increased more than any other state since 1999 at 58 percent. Suicide continues to be the second leading cause of death among individuals ages 10 - 34. Combining resources will allow ND to continue to advance suicide prevention efforts.

Emergency Preparedness and Response

- Reduces general fund by \$75,600 in professional services for stroke and cardiac care training funds since training in this manner is no longer being requested or utilized.
- Reduces general fund by \$125,000 from the Insurance Tax Distribution which supports the Rural EMS Grant Program. This reduction was offset by general fund savings in the stroke mini grant and the community paramedic program that were reinvested in the Rural EMS Grant Program. The reinvestment of funding allows the department to continue to provide funding for Rural EMS grants at the same level as the current biennium which is at \$6,875,000 - \$1,125,000 from the Insurance Tax Distribution Fund and \$5,750,000 from the general fund.
- Adds \$126,000 in general fund to convert and implement a comprehensive emergency medical services (EMS) personnel licensing,

agency licensing and records management system, including a public facing portal for licensure application and training program registration.

Agencywide

- Reflects a net funding switch to increase general fund by \$6,378,195, which is offset by a decrease to authority in special funds to replace the funding from the Tobacco Prevention and Control Trust Fund (TPCTF) that is currently reflected in the base budget. This adjustment was made since sufficient funding did not exist in the TPCTF to continue supporting ongoing expenditures into the 2019 – 2021 biennium.
- Incorporates IT unification by moving salary funding to the operating line and shifting 4.5 FTE to ITD for approximately \$700,000. The goal of this change is to better meet current and future technology and security needs in a unified approach.
- Incorporates the executive compensation package of a 4 percent and a 2 percent salary increase for years one and two, respectively, in addition to covering the increased cost in health insurance and a one percent increase in the state's share toward the retirement contribution - \$2.4 million total funds; \$1.17 general fund; \$1.14 federal funds; \$100,000 special funds.
- Adds funding for Microsoft 365 functionality for all staff - \$125,000.
- Incorporates federal funding of \$325,000 for the Public Health Opioid Crisis Response federal grant. The funding included in the Governor's Recommendation is targeted toward interventions by public safety personnel and others and monitoring and evaluating opioid crisis activity through our Office of the State Epidemiologist.

For your reference, Attachment B identifies the specific reductions submitted to meet the budget guidelines of a 90 percent general fund and a 90 percent special fund budget.

The Governor's Recommendation also includes flexibility in the 2019 - 2021 biennium as included in Attachment A, sections 3 and 4. First, section 3 provides for the ability to accept additional federal or other fund revenue should such funding become available. There are times during the biennium when the total grant amount we have estimated and built in the budget for a specific grant is awarded at an amount different than anticipated. This

flexibility would allow for the Department of Health to immediately accept the funds. This option will become increasingly important with the separation of the Department of Health and the Department of Environmental Quality. When both agencies were combined as one agency, we had a larger base in which to manage federal and other authority. Secondly, section 4 provides for the ability to transfer between line items up to 10 percent of the total appropriation. This flexibility is beneficial when contracting and issuing grant awards. When building the budget, an estimate is used to determine whether the funds will be extended as a purchase of service contract, which is funded in the operating line item, or whether the funds will be extended under a grant award, which is funded in the grants line item. Should circumstances change from the time the budget was built to the time the funds are extended, the inability to move between line items causes inefficiencies. In the past, this flexibility has been extended to other state agencies or areas of government such as the Legislative Assembly, the Judicial Branch, and the Department of Human Services. To date, I do believe the flexibility has been appreciated and used appropriately.

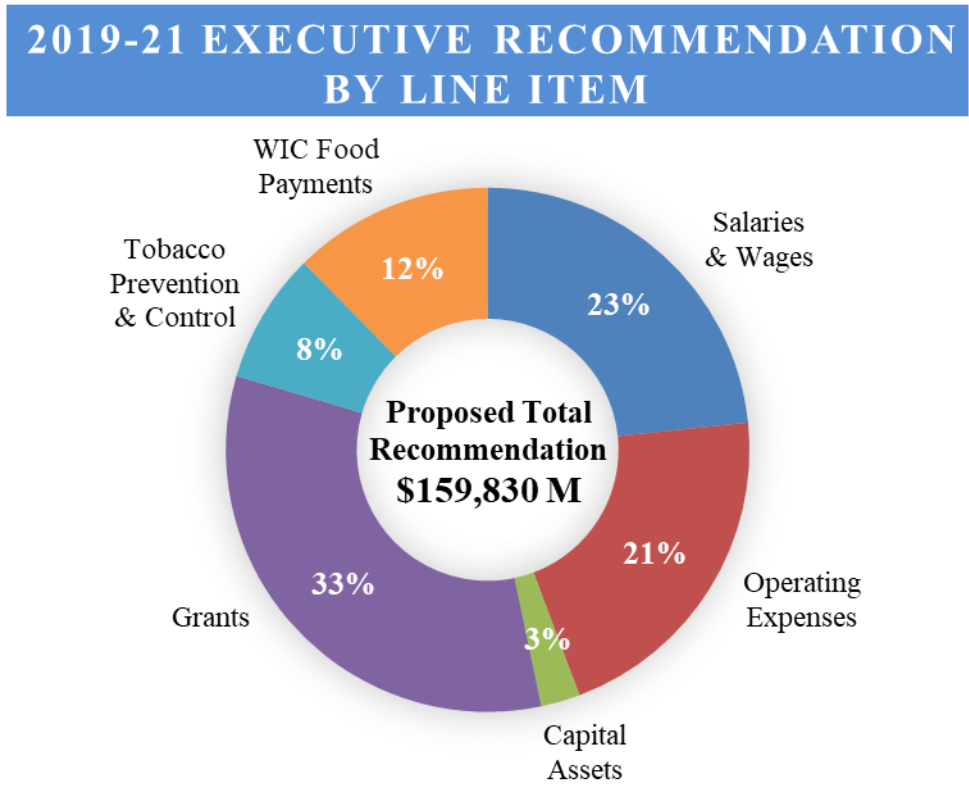
2019 – 2021 Summary of the Governor’s Recommendation

The budget before you for the Department of Health addresses many important community public health needs. It provides much needed medical resources in the form of professional loan repayments, state medical cache and emergency medical services grants. It also provides resources to the local public health units under state aid, tobacco grants, and federal pass through funding, and it allows us to systematically work together to meet our public health goals.

A network of 28 local public health units and many other local entities provide a varying array of public health services with funding provided by the Department of Health. 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 \$75.6 million or 47 percent of our budget are planned to be passed through to the local public health units and other local entities to provide public health services. Approximately \$28.2 million is budgeted to go to local public health units, and

\$15.9 million goes to other local entities. The remaining \$31.5 million goes to state agencies, medical providers, tribal units and various other entities.

Overall the Governor's Recommendation includes a total of \$159,829,866 and is comprised of the following elements.



Salaries and Wages

Salaries and wages make up \$37,302,672 or 23 percent of our budget. The increase to the salaries line item is essentially attributed to the executive compensation package.

Operating Expenses

The operating budget recommendation of \$33,493,413 makes up 21 percent of our budget. Operating Expenses has been increased primarily as a result of the additional services and supplies that are proposed based on increased federal awards which will be addressed below.

Capital Assets

Capital assets of \$3,859,813 make up only 3 percent of our total budget. The bond payment on our laboratory, the state morgue and a storage building, equipment costs in excess of \$5,000, along with the new projects at the Lab previously identified are included here.

Grants

Grants, which are provided to many local entities across the state, are at \$52,482,292 and make up 33 percent of our budget. The majority of grants (78%) are in the Healthy and Safe Communities and Emergency Preparedness and Response Sections. This area has been increased as a result of the funds that will be passed through based on increased federal awards which will be addressed below.

Special Line Items

There are two special line items included in the Governor's Recommendation.

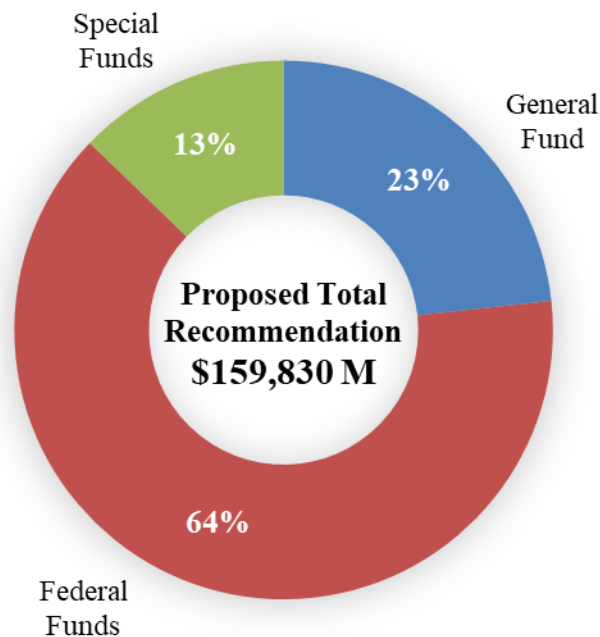
Tobacco Prevention and Control is at \$12,911,676 or 8 percent of our budget. This line item is down slightly in order to meet the goals outlined in the budget guidelines.

Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Food Payments make up \$19,780,000 or 12 percent of our budget. The Governor's Recommendation is based on current participation rather than enrollment. This decrease from the base budget is rightsizing the budget rather than a decrease in the individuals being served. Administration by the local WIC sites is included in the grants line item and remains unchanged.

In the 2017-19 biennium, the Department had a third special line item, Medical Marijuana. Beginning with the 2019-2021 biennium we are pleased to inform this Committee that we will be able to support the program with the fees collected and eliminated the need for a general fund appropriation in the area.

Finally, the breakdown by funding source of the Governor's Recommendation for the Department of Health is as follows.

2019-21 EXECUTIVE RECOMMENDATION BY FUNDING SOURCE



Federal Funding Changes

As noted in the above chart the Department of Health is funded predominantly with federal funds with 64 percent of the budget supported by the federal government in the form of approximately 90 federal grants. Our budget request includes an increase of just over \$11.4 million in federal funding. The changes and impact are as follows:

- The Healthy and Safe Communities Section has budgeted for over half of the increase which is primarily due to the Centers for Disease Control and Prevention funding (CDC) under new programs that have replaced former federal programs at enhanced levels of funding for Oral Health Outcomes, Diabetes, Hypertension and Stroke Prevention programs, and Physical Activity and Nutrition \$4,560,000. The budget also reflects new funding from the Telehealth for Pediatric Mental Health Care Access Grant \$890,000; and anticipated Health Equity funding \$500,000. We are also expecting to receive increased funding from the CDC for Breast and Cervical Cancer / Comprehensive Cancer of \$598,300 and \$345,000 from National Violent Death Registry System funding.

- The Medical Services Section has included an overall increase in funding from the following areas: Ryan White program for \$2,895,000; the Epidemiology and Lab Capacity grant for \$529,000; and a slight increase in the Immunization grants totaling \$189,000. These increases are offset by the decreases expected in the Occupational Health grant and Ebola funding combined at \$448,000.
- The Emergency Preparedness and Response Section has budgeted for just under a \$500,000 increase in federal funds primarily from the Public Health Emergency Preparedness grant due to additional funds that were awarded recently.
- Finally, \$1.1 million of the increase is attributed to the executive compensation package included in the Governor's Recommendation.

As in the past, the status of our federal funding is often uncertain. With that uncertainty, we prepared our budget by assuming that the remaining federal grant amounts will hold even, other than those noted above. We recognize that as we proceed through the next biennium we will have to adjust our budget, operations and possibly staffing if federal funding changes from the amounts included in our budget request.

Financial Audit Findings

Finally, during our most recently completed financial audit for the period covering July 1, 2015 through June 30, 2017, there were no financial audit findings reflected in the audit report.

Conclusion

Chairman Nelson and members of the Committee, this concludes the North Dakota Department of Health's testimony on House Bill 1004. In the upcoming weeks, we look forward to working with you on the detail of the Governor's recommended appropriation for the Department of Health. I or other members of Department of Health team would be happy to address any questions you may have at this time.