



Background Studies for MDH-Regulated Providers

House Human Services Finance Committee

February 29, 2024

What are Background Studies?

- Background studies safeguard children, vulnerable adults, and those who receive health care and human services throughout Minnesota
- Volunteers, employees, or caretakers who have direct contact or access to vulnerable adults and children in their role must have a Department of Human Services (DHS) background study that complies with state and federal requirements
- Background studies determine whether a person has committed an act that would disqualify them from being employed or providing services
- A background study is more than a check—it requires a thorough review of information from multiple sources and includes ongoing monitoring

MDH and Background Studies

- DHS conducts background studies for more than 65 provider types, including for more than 37,000 individuals
 - DHS conducts background studies on behalf of MDH, Department of Corrections, the MNDOT, MNsure, MDE, the Judicial Branch, the supreme Court, counties, and the tribes
- 11 MDH-licensed provider types have historically had background studies subsidized, including employees from nursing homes, assisted living facilities, home care, and hospitals
- MDH had an interagency agreement (IAA) with DHS from July 2017-December 31, 2022 that covered background study costs of MDH-licensed providers. The total appropriation allocated to this activity covered the Background Studies Program which included payment to DHS for Background Studies, AGO costs, and MDH staff for Background study reconsiderations.
 - MDH had been the only state agency that paid ~~the~~ background study fees for 11 of 15 of the provider types it regulates
 - In 2022, DHS Background Studies received 507,512 applications for studies; 241,426 (48%) were for MDH-licensed provider types

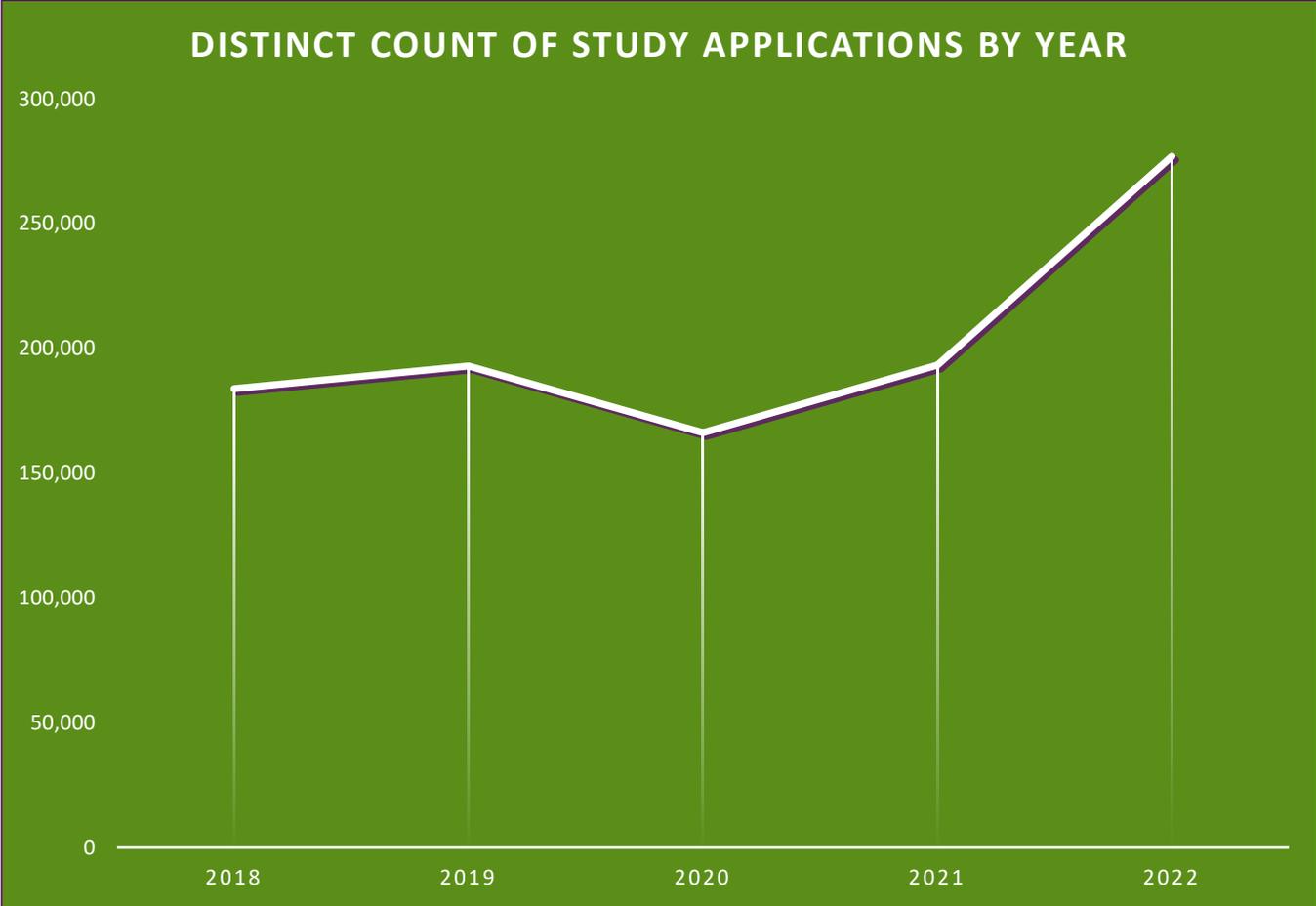
2021 Legislative Changes

- The 2005 legislatively-established fee of \$20 per study was not keeping up with actual costs
- In 2021, after extensive discussions with providers, the legislature increased the fee to \$42 per study, and by another two dollars to \$44 in 2023
 - DHS sought the legislative fee increase to pay for actual costs of operations and to ensure its compliance with state and federal requirements
 - The statutory changes in 2021 also created the obligation for providers, licensees, and other professions regulated by MDH to pay DHS directly for studies
- Despite legislative language for direct payment, MDH continued to pay for background studies per the interagency agreement in effect at that time; no changes were made to the MDH IAA following the 2021 legislative changes until an amendment increasing the fees to \$42 per background check effective 1/1/2023-12/31/2023.

- **2021:** MDH still had a contract and adequate special revenue funding for background studies for MDH-regulated providers that ran through December 2022
- **2022:** At the end of 2022, MDH extended contract for one year in anticipation of transitioning BGS costs to providers; started planning with DHS a transition to providers paying DHS directly

Increase in Studies Since 2018

- Increased annual volume of studies submitted by all MDH providers (CY 2018-2022).
- Slight decrease in CY 2020 reflects the transition to emergency studies which began Apr. 6, 2020, in response to the COVID-19 pandemic.



- **2023:** MDH requested and received increased funding from the legislature as part of a regular budget request to cover anticipated increased number and costs of BGS through FY2024. The amended appropriation was for an additional \$2,880,000 based on DHS identified average of 9100 studies per month at \$42 per study.
 - However, actual background studies initiated was identified to average of 13,690 studies a month. The amount appropriated for FY24 has been spent as of 2/1/24.
- MDH immediately identified that the requested funding was insufficient and requested additional SGSR funding at the end of the 2023 session to cover the estimated needs for the increased background studies

- DHS prepared NETStudy 2.0 system to accept direct payment from MDH-licensed providers
- MDH sent a GovDelivery Advisory to its providers in October 2023 to announce the decision to transition providers to paying for background studies directly effective February 1, 2024
- A new, 5-year interagency agreement took effect on February 1, 2024
- The new agreement is a \$0 agreement since MDH providers will all pay BGS fees directly to NETStudy 2.0

Thank You!