

# MINNESOTA'S



## COVID-19 RECOVERY BUDGET

FY 2022-23 Budget Recommendations

# Our mission



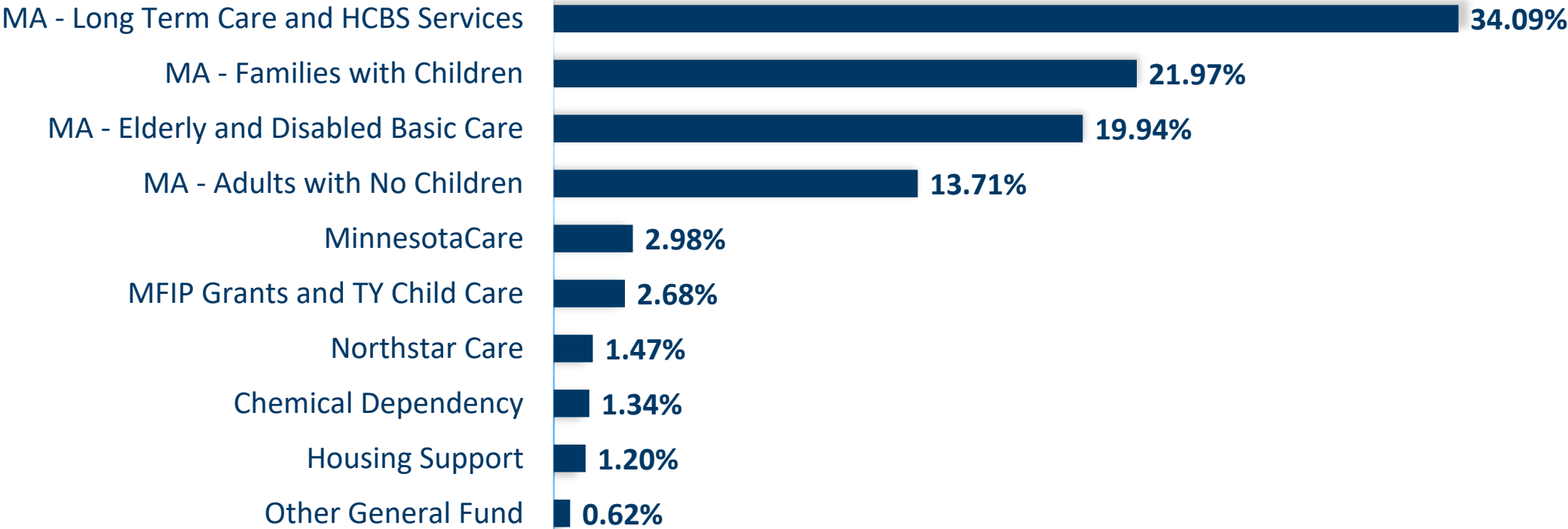
The Minnesota Department of Human Services, working with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

# Minnesota Baseline

- First nationally in delivering services for older adults and people with disabilities (AARP, The Commonwealth Fund and the SCAN Foundation, 2020)
- Third nationally in health care access, quality and outcomes (The Commonwealth Fund, 2019)
- Seventh nationally for overall health (America's Health Rankings, 2019)
- Minnesota ranks almost last in the nation in racial equity.
- Walz/Flanagan Pledge - Minnesota to be #1 place for children to grow
- Minnesotans Age 30+            15% BIPOC
- Minnesotans <30                30% BIPOC

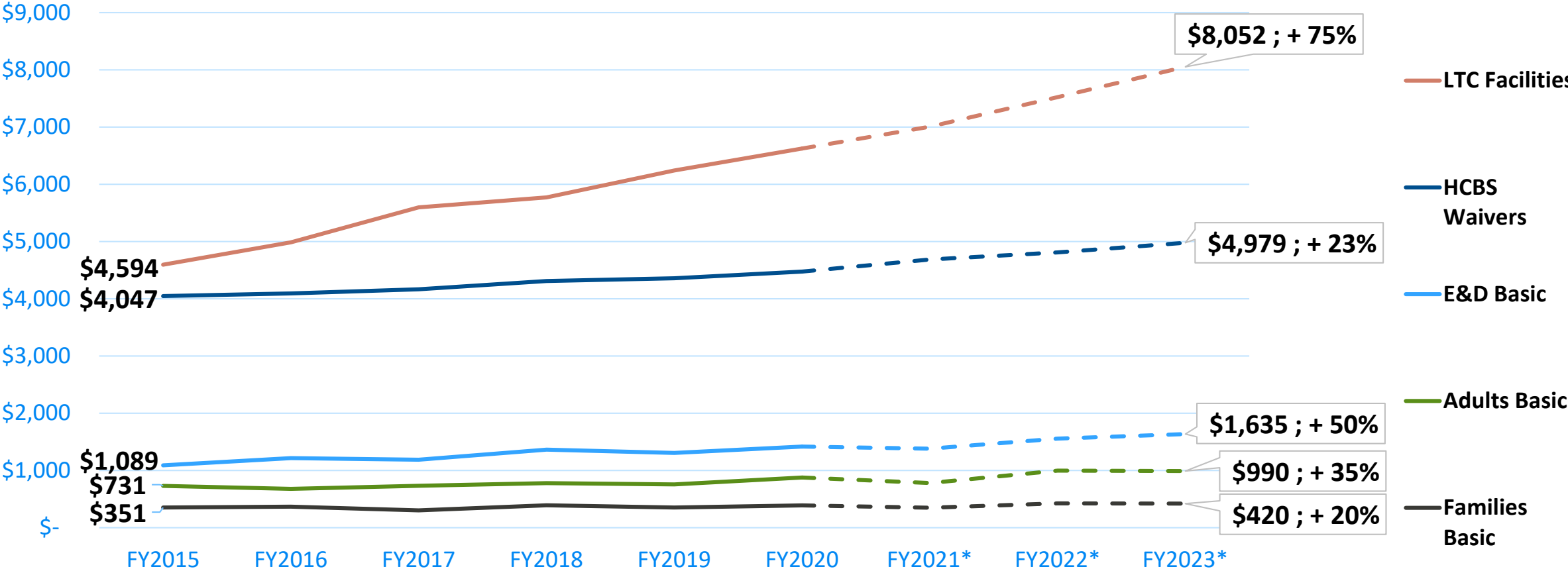
# DHS Forecasted Programs Projected Expenditures in FY20

## PERCENT OF TOTAL FORECASTED PROGRAMS (\$15.475B, ALL FUNDS)



# MA Average Monthly Cost Per Enrollee

Cost by Eligibility Category - All Funds



DHS November 2020 Forecast

\*Projected

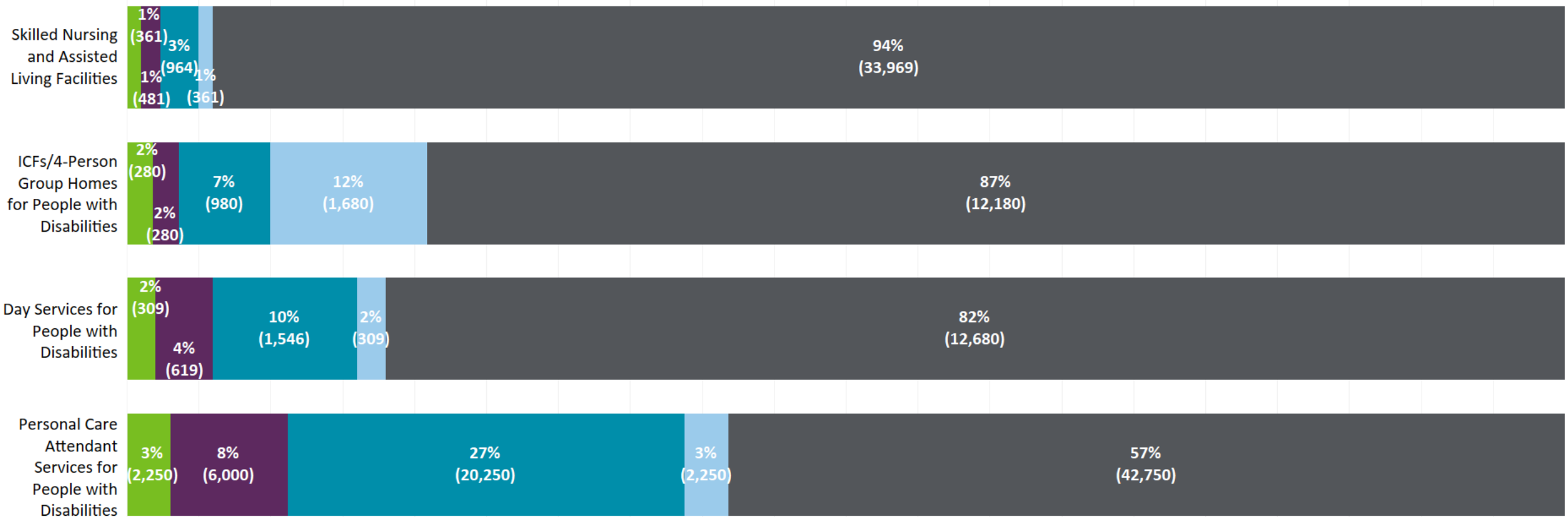
# DHS Key Services Enrollment: Racial Disaggregation of At-Risk Populations

American Indian | Asian | Black | Hispanic or Latino | White | Two or more races

Minnesota whole population racial breakdown - 2019



At-risk populations racial breakdown



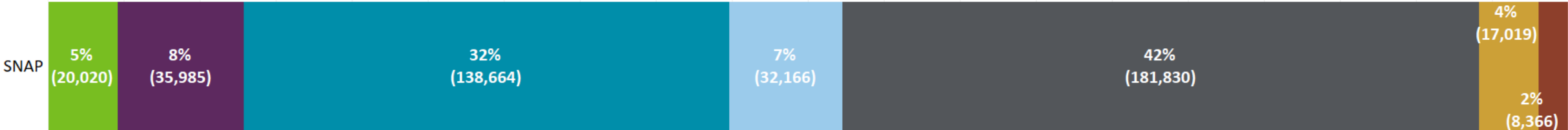
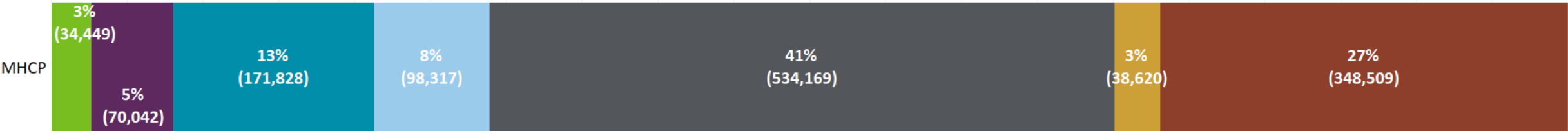
# DHS Key Services Enrollment: Racial Disaggregation of All Enrollees

American Indian | Asian | Black | Hispanic or Latino | White | Two or more races | Unknown

Minnesota whole population racial breakdown - 2019



Enrolled population racial breakdown - November 30, 2020



# My Greatest Learning – First Year

- If I do not proactively reach out to BIPOC, LGBTQIA+, and rural communities, the people I will hear from are the larger, more well-resourced organizations who can afford the lobbyists, professional associations and public relations campaigns.
- In other words, resources beget more resources.
- We have the responsibility to make our \$17 billion in resources available to support ALL Minnesotans.



# DHS Budget Proposal Principles

- Housing first for all
- Whole family support and family preservation
- Child care support
- People with disabilities live, learn, work and enjoy life in integrated settings in their own communities
- Simplified and equitable access to HCBS services for older adults and persons with disabilities
- Federal compliance and process control

# Blue-Ribbon Commission

- Achieved goal of identifying \$100 million in cost-savings proposals
- Could not tackle Health Transformation Strategies at all due to COVID
- Did not fully examine Health Equity and Administrative proposals

# Blue-Ribbon Commission Strategies

- Savings strategies in Governor's Budget:
  - 3 strategies for using state purchasing power to reduce costs
  - 2 strategies for more effective utilization of disability services
  - 1 strategy for allowing for more effective managed care across providers
  - 1 strategy for further reducing fraud in state-funded services
  - Total = \$61.4 million
- Other thoughtful policy improvements best left until after market recovery – not included in Governor's budget
- Leaving \$38.6 million to come out of budget reserve

# Overall DHS Budget Principles

## Savings Proposals

- Protect children and family services from cuts that would cause even greater disparity.
- Savings proposals for little-used or no-longer-needed funding.
- Savings proposals that impact provider sectors least hard-hit by COVID.
- Defer other thoughtful policy strategies in long-term care until market recovers.
- AND, difficult choices in order to hit a target.

## Spending Proposals

- Meeting our responsibility to appropriately fund core services while maintaining safe, secure treatment facilities for 12,000 Minnesotans in Direct Care and Treatment
- Invest in areas that back up a more equitable economy:
  - Higher wages for PCAs
  - Investment in pathways out of homelessness
  - Investment in family preservation and equitable access to child care
  - Improving MFIP functionality/one-time increase to support employment
  - Addressing healthcare disparities in birth outcomes
  - Telemedicine
- Honoring our tribal consultations and county collaboration

# DHS Budget Package FY2022-23 Impacts

- General Fund
  - Expenditure proposals: \$184.2 million
  - Reduction proposal: \$137.0 million
    - Blue Ribbon Commission proposals: \$61.3 million (already accounted for in the FY2022-23 budget)
    - Non-Blue Ribbon Commissioner proposals: \$75.7
- General Fund impact: net investment of \$108.5 million
- Health Care Access Fund impact: (\$2.8 million)
- Temporary Assistance for Needy Families impact: \$71.4 million

# Budget overview

Direct Care and  
Treatment

Health care

Children and  
families

Behavioral  
health

Older adults  
and people  
with disabilities

Homelessness

Program  
integrity and  
compliance

Blue Ribbon  
Commission  
strategies



All state funds savings  
\$34,000 in  
FY 2022-23

# Health care



# Better care for high-risk pregnant women

Investment  
FY 2022-23:  
\$1.6 million  
FY 2024-25:  
\$706,000

Black and  
Native  
women have  
higher rates  
of premature  
birth.

1 FTE

- Invests in integrated health care for pregnant women at high-risk of giving birth prematurely or having other adverse birth outcomes
- Provides support for housing, food, and behavioral health care
- Focuses on reducing disparities in birth outcomes, especially for Black and Native women

# Telemedicine expansion



Investment  
FY 2022-23:  
\$6.1 million  
FY 2024-25:  
\$7.2 million

Includes  
mental  
health and  
SUD  
treatment

0 FTEs

- Improves health care access by expanding telemedicine services
- Removes the 3-visit per week cap currently in statute
- Allows telemedicine visits to satisfy face-to-face requirements for reimbursement

# More access to transportation

Investment  
FY 2022-23:  
\$66,000  
FY 2024-25:  
\$70,000

Reduces  
barriers to  
jobs,  
housing  
and more

0 FTEs

- Improves access to medical care and reduces barriers to employment, housing, grocery stores and other essentials by providing public transit passes for those on MA and MinnesotaCare

# Redesign child and teen checkups

Savings  
FY 2022-23:  
\$2.4 million  
FY 2024-25:  
\$3.2 million

Effectively  
reaches  
families

0 FTEs

- Improves access to preventative health care screening and services for children and teens by improving outreach to families and providing support services that help them attend appointments
- Adds Child and Teen Check-up outreach activities to the Integrated Health Partnership (IHPs) contracts, which serve nearly 50 percent of children on Medical Assistance.

# Extending 90-day refills and dispensing fee modifications

Pg. 86

Savings  
FY 2022-23:  
\$7 million  
FY 2024-25:  
\$8 million

Many  
low-cost  
generics  
qualify

0 FTEs

- Allows enrollees to fill up to a 90-day supply of certain non-controlled, low-cost maintenance medications if authorized by their prescriber
- Lowers the current pharmacy dispensing fee from \$10.48 per prescription to \$9.91

# Federal compliance proposals

Pgs. 115, 194, 196

Investment  
FY 2022-23:  
\$502,000  
FY 2024-25:  
\$50,000

Improves  
patient  
control over  
medical  
records

0 FTEs

- **HC-47** – Provides legal authority to index the MSP asset limits annually to correspond to LIS resource limits
- **HC-54** – Repeals legislative changes to the MinnesotaCare statute that are inconsistent with CMS policy
- **HC-108** – Compliance with interoperability and patient access regulations

# Other health care proposals

Pgs. 198, 200

Neutral  
FY 2022-23:  
\$0  
FY 2024-25:  
\$0

Providers and  
enrollees  
benefit when  
payment  
rates are  
transparent

0 FTEs

- **HC-87** – Expands to 18 months the amount of time hospitals have to appeal and/or correct information that DHS uses to set inpatient hospital services
- **HC-88** – Amends statute to more clearly describe how the state sets payment rates for outpatient hospital services



All state funds investment  
\$21.0 million  
in FY 2022-23

# Homelessness



# Emergency shelter, HMIS, community living grants

Pg. 36

Investment  
FY 2022-23:  
\$21.0 million  
FY 2024-25:  
\$21.0 million

Crisis is  
felt  
statewide

2 FTEs

- Takes on the statewide homelessness crisis by making critical investments in emergency shelter and services to help people find stable housing.
- Provides more funding for emergency shelters through the Emergency Services Program (ESP)
- Provides funding to Sustain the Homeless Information Management System (HMIS)
- Increases funding for counties and tribes to integrate housing into human services work



# Behavioral health and disability services grants

All state funds savings \$9.3 million in FY 2021-23

# School-linked mental health grant



Investment  
FY 2021:  
\$6.0 million

Helps  
families  
cope

0 FTEs

- Supports children, youth and families during the COVID-19 pandemic by increasing school-linked mental health grant funding
- Helps schools and families identify and treat mental illness
- Funded through education budget

# Other behavioral health and disability grant proposals

Pgs. 159, 162, 192

Savings  
FY 2021-23:  
\$15.3 million  
FY 2024-25:  
\$10.9 million

OERAC was authorized to develop and implement a statewide effort to address opiate addiction and overdose.

0 FTEs

- **CS-42** – Reduces or eliminates certain behavioral health grants
- **CS-75** – Reduces or eliminates certain disability grants
- **CS-79** – Aligns the timeline for issuing Opiate Epidemic Response Advisory Council grants for child protection with the fee collection schedule to the calendar year



All state funds investment  
\$1.5 million in  
FY 2022-23

# Program integrity and compliance

# Licensing and background study proposals

Pgs. 30, 145, 187

Neutral  
FY 2022-23:  
\$0  
FY 2024-25:  
\$0

EIDBI  
services are  
for people  
under age  
21

0 FTEs

- **CS-52** – Requires EIDBI providers to operate within DHS background study requirements, improving protections for children who receive services
- **OP-46** – Creates a fee schedule that allows DHS to recover actual background study costs
- **OP-63** – Establishes annual license fees for withdrawal management programs

# Federal compliance proposals *continued*

Pgs. 119, 123

Investment  
FY 2022-23:  
\$1.0 million  
FY 2024-25:  
\$390,000

Background  
studies help  
ensure the  
safety of  
vulnerable  
people

1 FTE

- **OP-44** – Background studies federal compliance
- **OP-45** – Allows DHS to conduct background studies for PELSB and MNsure



All state funds  
savings  
\$44.9 million  
in FY 2022-23

# Blue Ribbon Commission strategies



# Purchasing strategies to reduce costs

Pgs. 130, 149, 151

Savings  
FY 2022-23:  
\$40.0 million  
FY 2024-25:  
\$18.6 million

More  
transparent  
drug pricing

3 FTEs

- **HC-58** – Provides greater visibility and transparency into drug pricing and operations for MA; makes purchasing dental benefits simpler and more efficient; increases payment rates for dental services.
- **HC-90** – Authorizes a uniform Non-Emergency Medical Transportation program for all Medical Assistance and MinnesotaCare members
- **HC-63** – Changes the Medical Assistance payment methodology for durable medical equipment

# Expand the use of Encounter Alerting Service

Pg. 133

Savings  
FY 2022-23:  
\$3.0 million  
FY 2024-25:  
\$2.6 million

Most  
Minnesota  
hospitals  
use EAS

0 FTEs

- Expands MN EAS onboarding efforts to additional Medicaid providers
- Encourages participation of other payer panels
- Ensures sustainable funding of the MN EAS

# Fraud and abuse prevention measures

Pg. 136

Savings  
FY 2022-23:  
\$1.9 million  
FY 2024-25:  
\$2.4 million

Office of  
the Inspector  
General  
manages fraud  
investigations

5.5 FTEs

- Third party liability recoveries proposal develops training and informational materials for benefit recovery partners
- Fraud prevention investigation grant increases give counties and tribes more resources to investigate fraud
- Increases investigative capacity and allows for surveillance, investigation and intervention of more MA provider types



EQUAL JUSTICE UNDER LAW

# Other proposals

# Preserving health care access if ACA ruled unconstitutional

Pg. 214

Minnesota health care programs could lose up to \$2.5 billion in federal funding every year

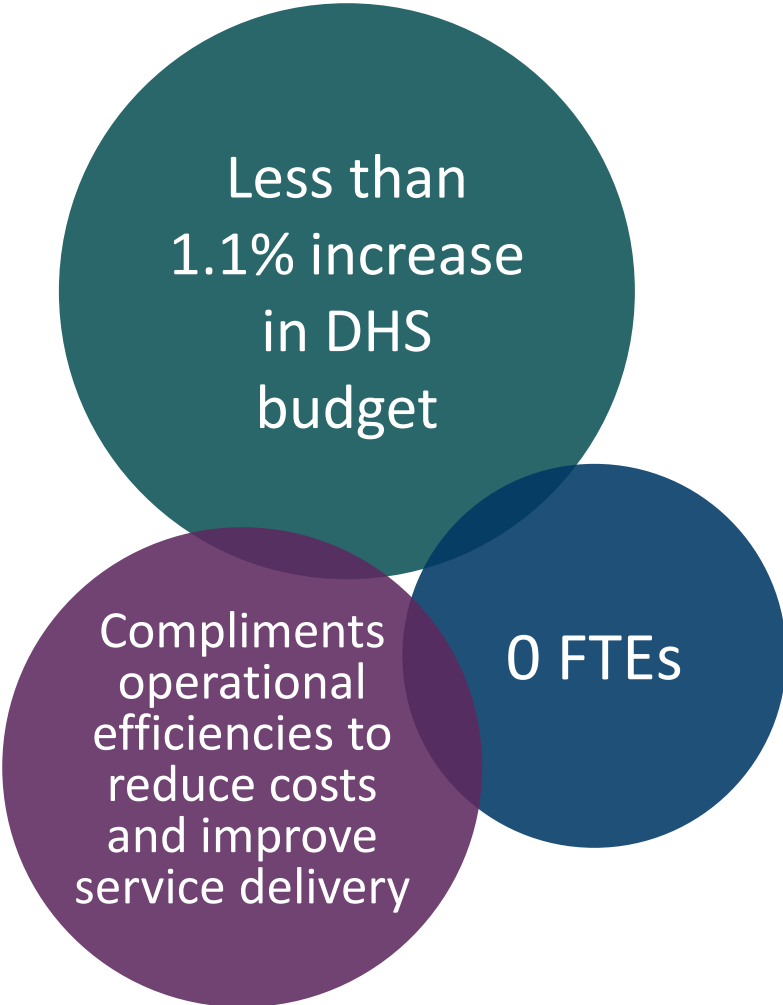
Over 300,000 additional Minnesotans were able to access health coverage through MA or MinnesotaCare under the ACA

0 FTEs

- If the U.S. Supreme Court rules the ACA unconstitutional, Governor Walz intends to bring forth proposals to mitigate as much as possible the harm that would result for Minnesotans who rely on the security of the federal law to receive affordable health coverage

# Agencywide operating adjustment

Pg. 127



Less than  
1.1% increase  
in DHS  
budget

Compliments  
operational  
efficiencies to  
reduce costs  
and improve  
service delivery

0 FTEs

- The operating adjustment ensures that the department can maintain the current level of service delivery

# Thank You!