

MINNESOTA'S



COVID-19 RECOVERY BUDGET

FY 2022-23 Budget Recommendations

Our mission



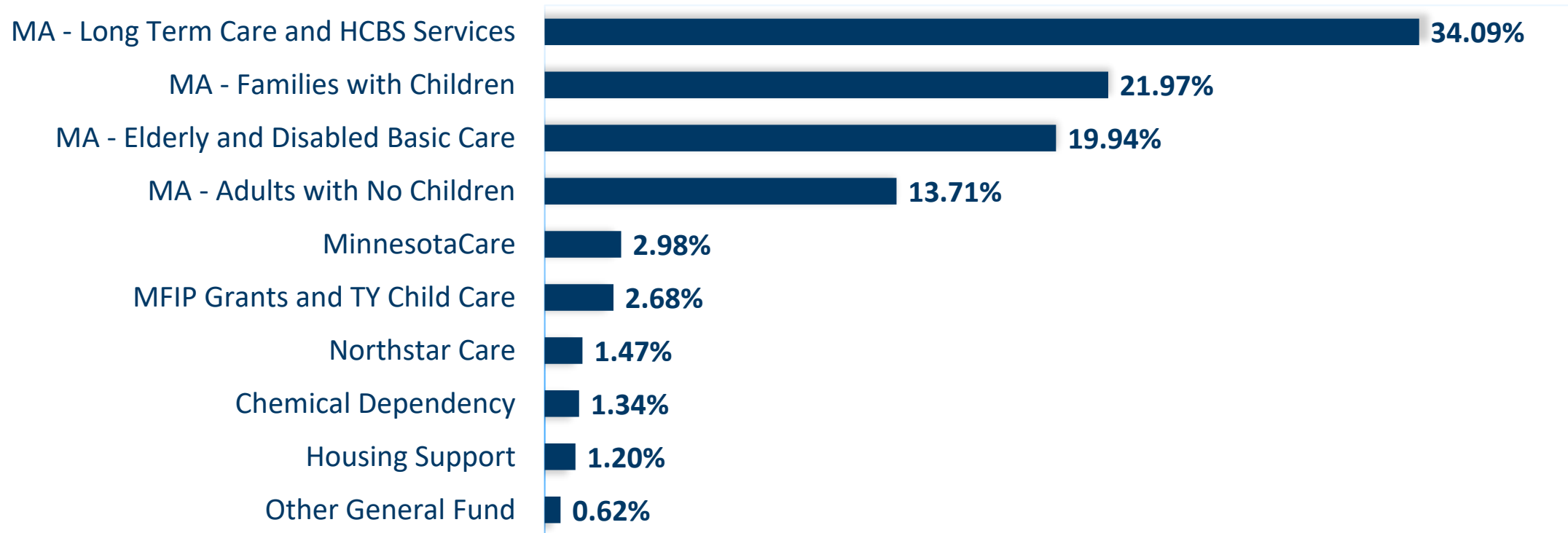
The Minnesota Department of Human Services, working with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

Minnesota Baseline

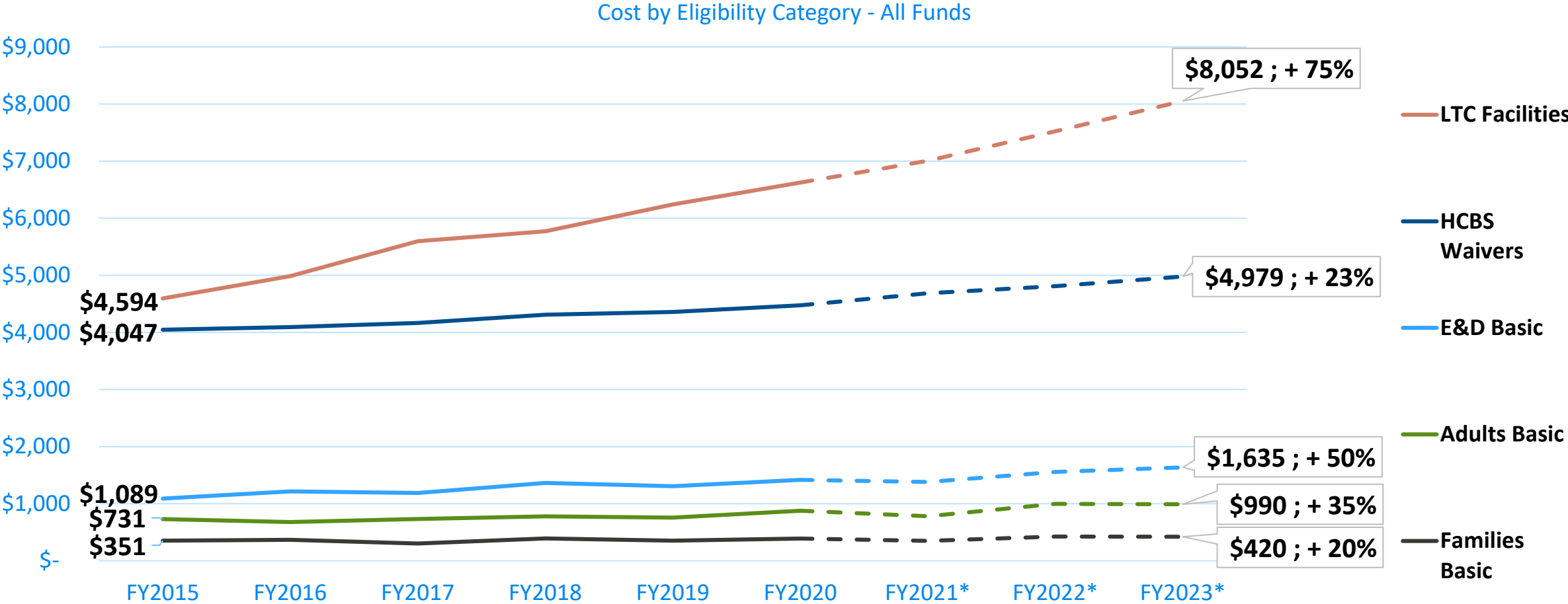
- First nationally in delivering services for older adults and people with disabilities (AARP, The Commonwealth Fund and the SCAN Foundation, 2020)
- Third nationally in health care access, quality and outcomes (The Commonwealth Fund, 2019)
- Seventh nationally for overall health (America's Health Rankings, 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)



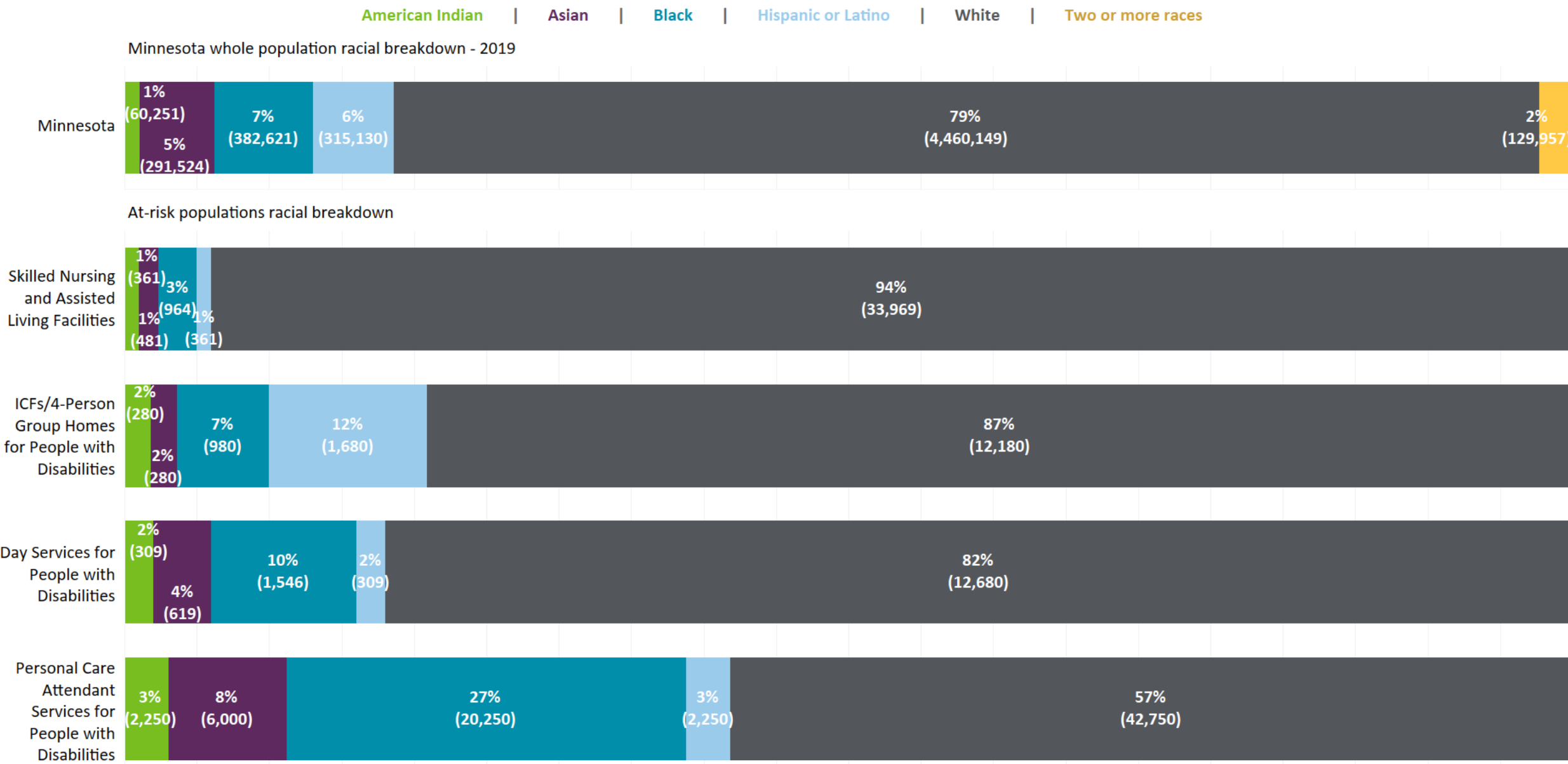
MA Average Monthly Cost Per Enrollee



DHS November 2020 Forecast

*Projected

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



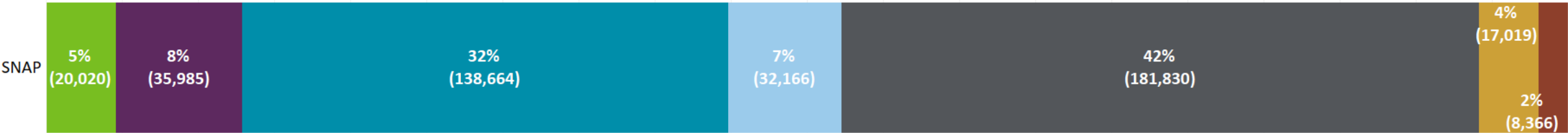
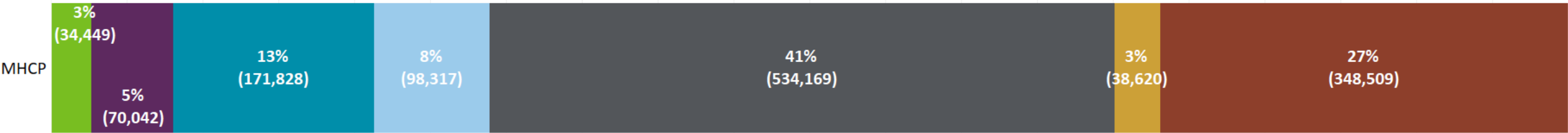
DHS Key Services Enrollment: Racial Disaggregation of All Enrollees

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.

Overall DHS Budget Principles *continued*

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



DCT operating adjustment

All state funds
investment
\$53.3 million
in FY 2022-23

DCT operating adjustment, County share for CABHH

Pgs. 22, 176



Investment
FY 2022-23:
\$53.3 million
FY 2024-25:
\$57.3 million

DCT serves
12,000
patients
each year

Maintains
299.79
FTEs

- DC-43
 - Provides an operating increase to cover the full cost of care for patients and clients in state-operated treatment facilities
 - Increases base appropriation by about 9% for the biennium
 - The increase is necessary to avoid cuts in services and to maintain safe staff-to-client ratios
- DC-50
 - Makes counties responsible for the full cost of care for patients who remain at the Child and Adolescent Behavioral Health Hospital (CABHH) after they are ready for discharge and no longer need a hospital level of care.

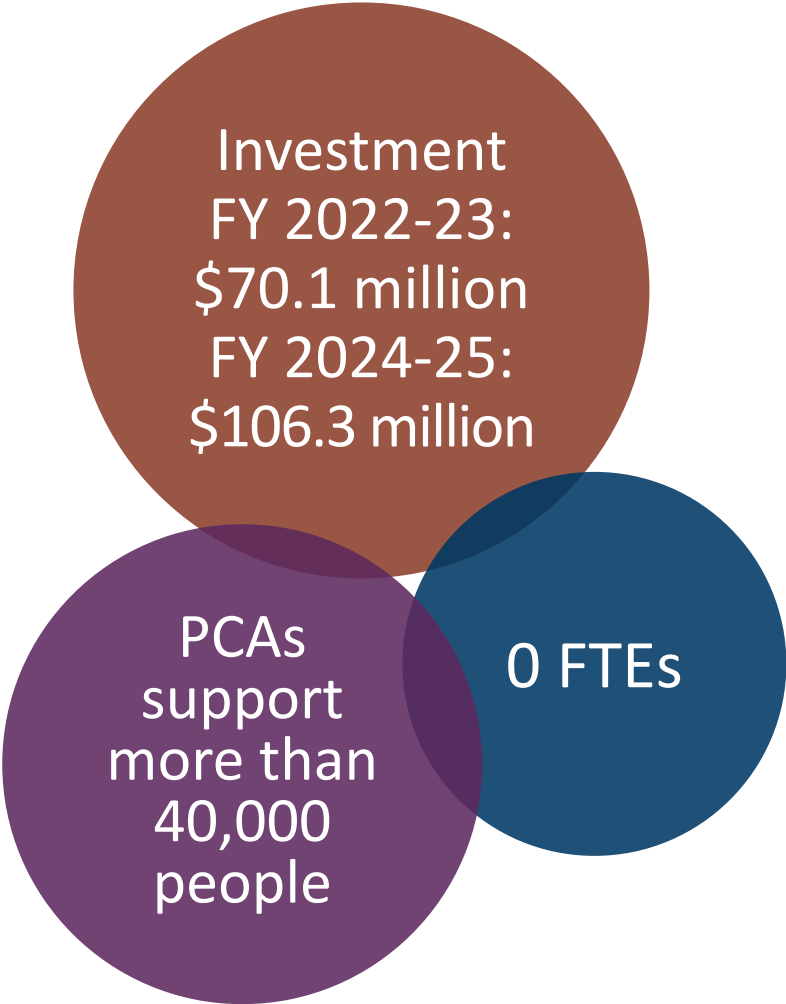


All state funds
investment
\$70.1 million
in FY 2022-23

PCA services

Increase payment rates for PCA services

Pg. 26



Investment
FY 2022-23:
\$70.1 million
FY 2024-25:
\$106.3 million

PCAs
support
more than
40,000
people

0 FTEs

- Increases base wages, paid time off, and provides training grants.
- Impacts all PCA rates, not just union-represented employees
- Funds obligations to SEIU-represented union workers for FY 2022-2023 as specified in a new contract, negotiations completed in January 2021

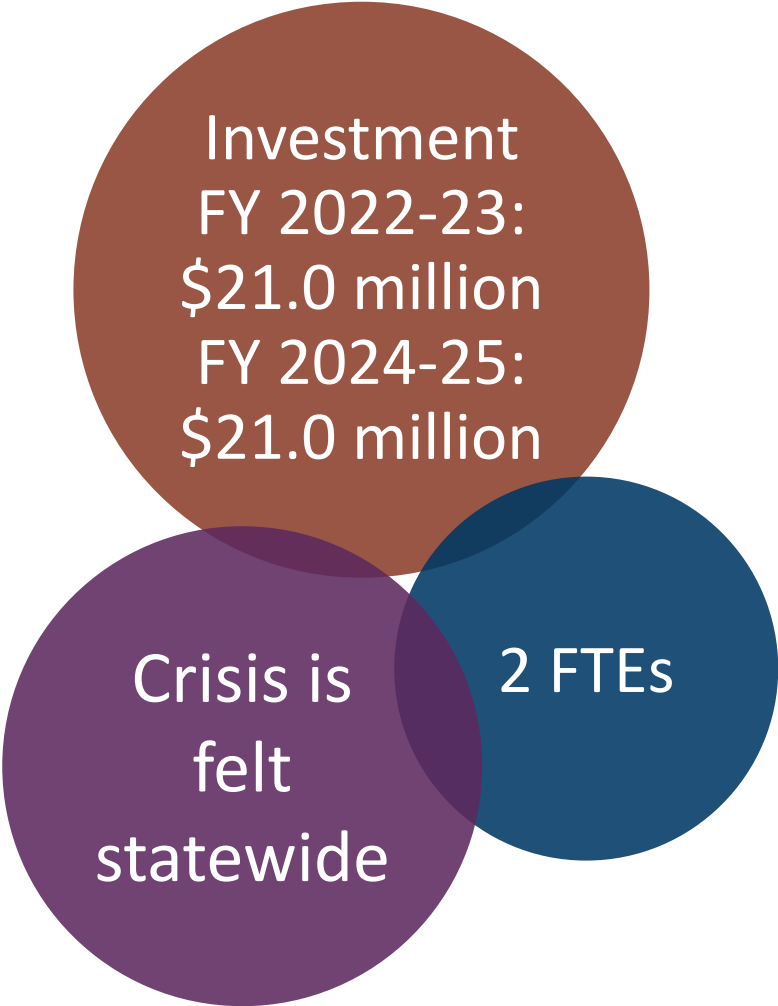


All state funds
investment
\$21.0 million
in FY 2022-23

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

Tribal cost-neutral housing support allocations

Pg. 190

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

Does not
expand
eligibility

0 FTEs

- Includes tribes in the Housing Support cost-neutral allocation option. Currently, only counties may request cost-neutral Housing Support allocation, which allows for reimbursement as a direct allocation, rather than individual payments to housing support vendors
- Creates equitable access to Housing Support program administration flexibilities for Tribal Nations



All state funds
savings \$14.3
million in FY
2021-23

Behavioral health

Case management redesign and reform

Pg. 76



Investment
FY 2022-23:
\$612,000

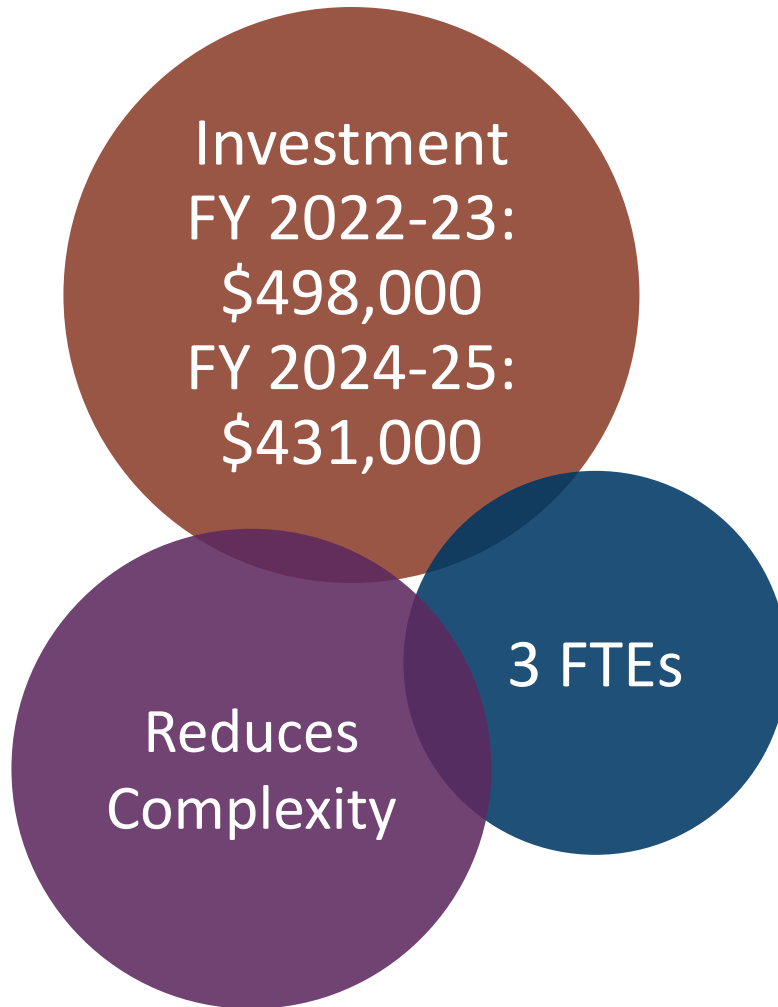
Achieves
long-time
goal

0 FTEs

- Puts state rates and payment for targeted case management services in compliance with federal requirements
- Builds on decades of work and collaboration
- Sets the stage for future improvement

Mental health uniform service standards

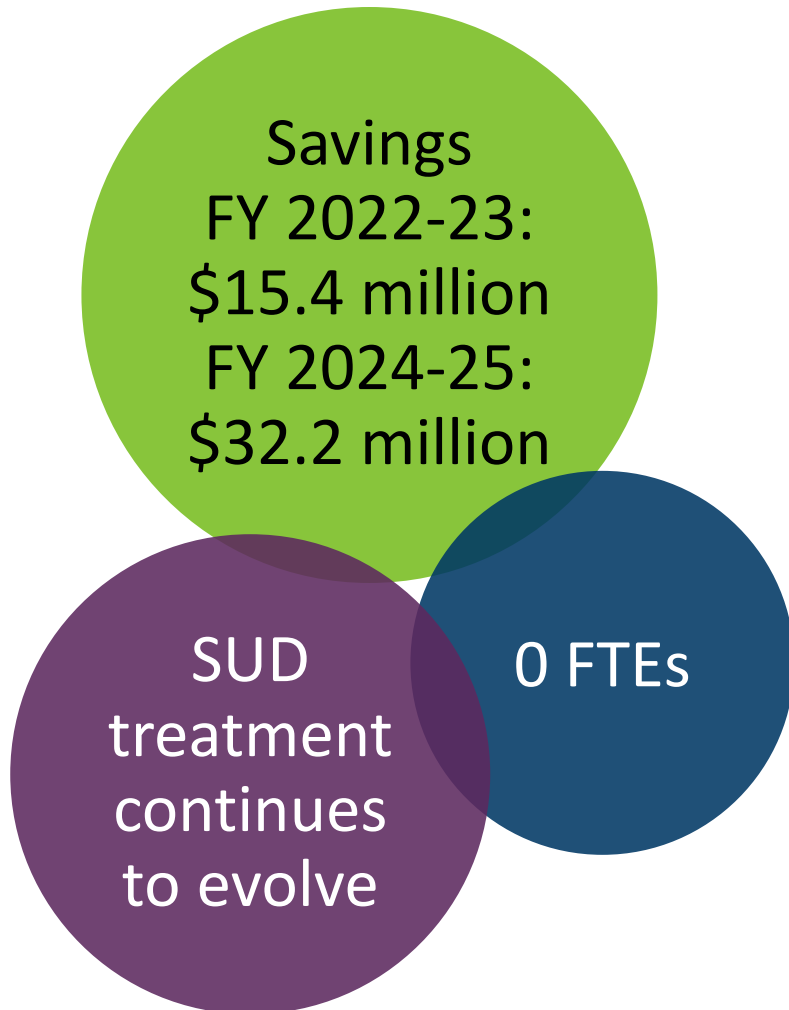
Pg. 109



- Improves our mental health care system by creating common standards that apply to all mental health care programs
- Simplifies the current regulatory structure, which is over prescriptive and needlessly complex

Substance use disorder (SUD) reform package

Pg. 154



- Increases access to person-centered, evidence-based SUD treatment services
- Improves the quality and flexibility of services
- Increases program transparency and payment integrity
- Draws down additional federal funding

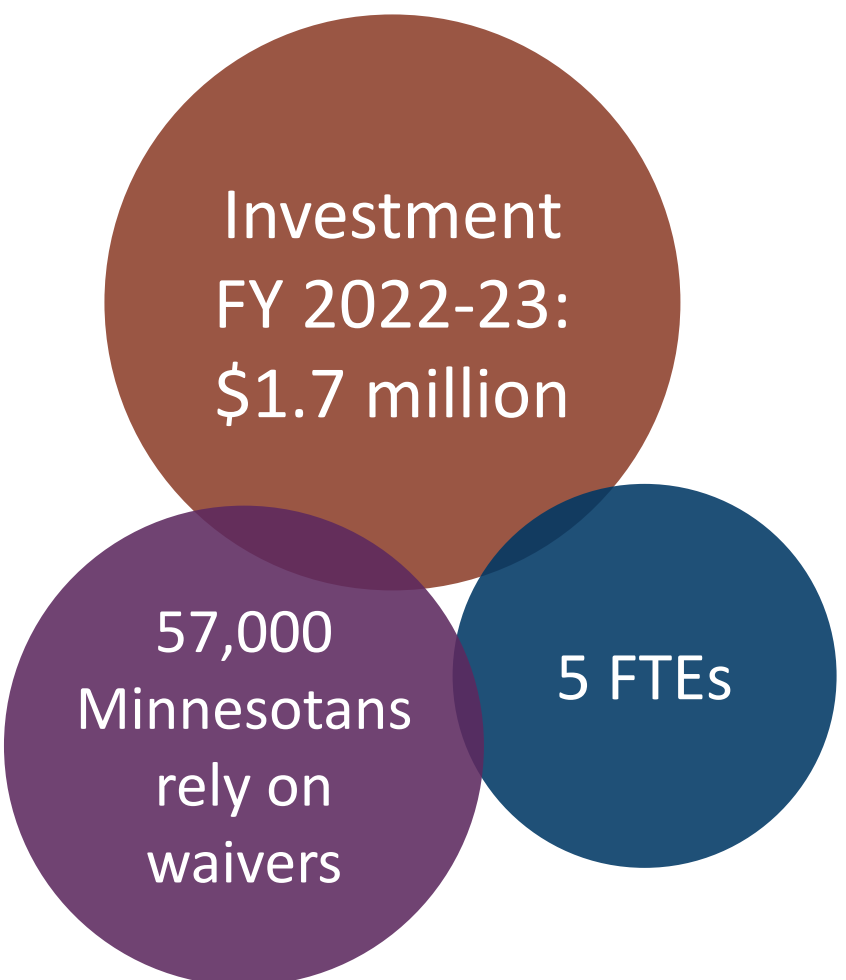


All state funds
savings \$3.4
million in FY
2022-23

Older adults and people with disabilities

Waiver reimagine phase two

Pg. 96



Investment
FY 2022-23:
\$1.7 million

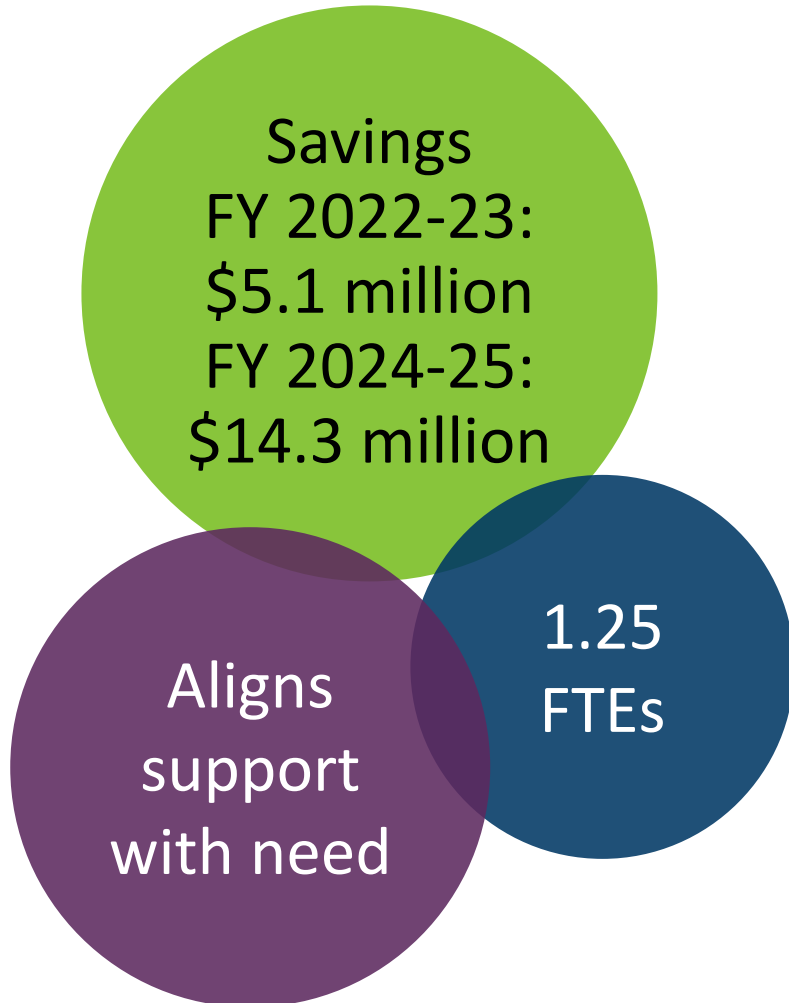
57,000
Minnesotans
rely on
waivers

5 FTEs

- Continues the strategic redesign of disability waiver system to provide more choice for people with disabilities
- Simplifies the system and consolidates four waivers into two
- Results in a net savings of about \$7.4 million in FY 2024-2025

Other proposals for older adults & people with disabilities

Pgs. 167, 178



- **CS-83** – Sets customized living rates base on client acuity and closes corporate foster care licensure loophole
- **CS-84** – Reforms rates for remote services to comply with federal requirements

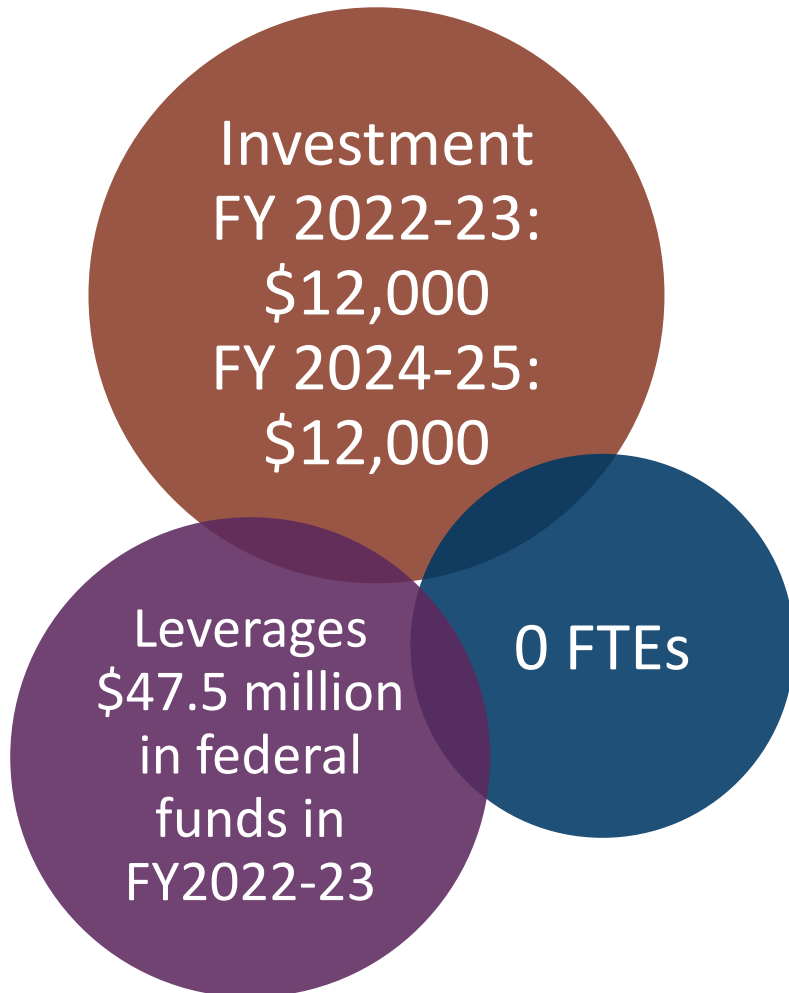


All state funds
investment
\$7.1 million in
FY 2021-23

Children and families

Child care assistance program maximum rate

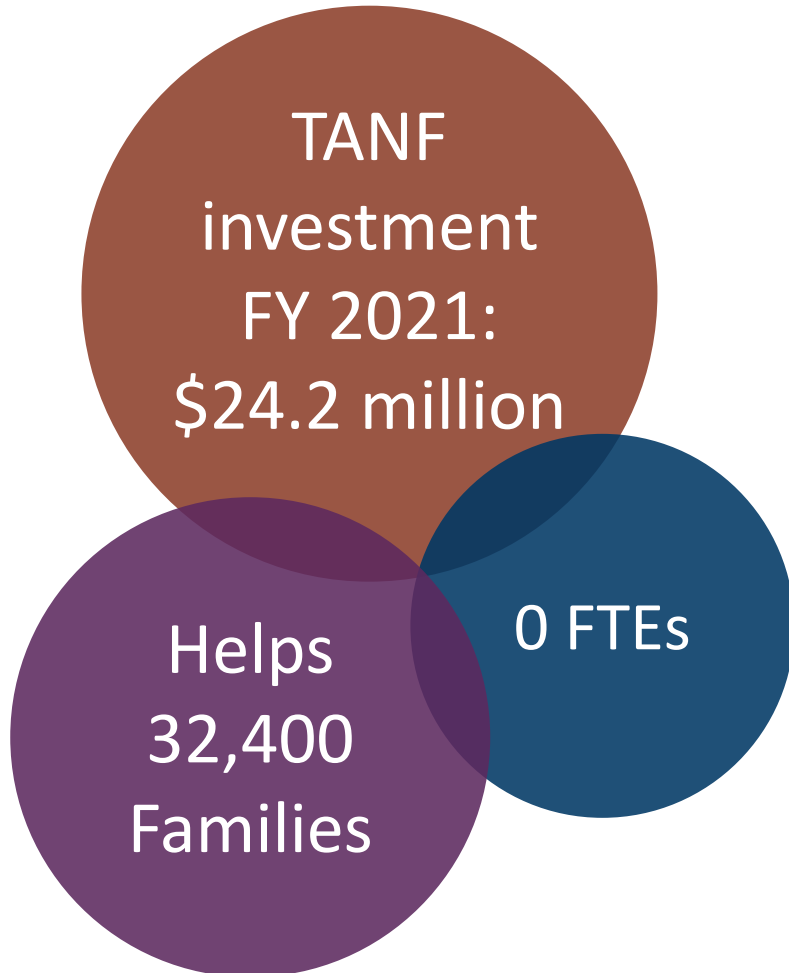
Pg. 42



- Maintains quality child care for low-income families by increasing the maximum rate paid to child care providers to 30% of market rates
- When payment rates are too low, providers are less likely to serve families receiving child care assistance.
- Increasing the rate helps providers attract and retain staff, purchase supplies and maintain facilities

MFIP one-time \$750 grant payment

Pg. 51



- Provides a one-time payment of up to \$750 to families who participate in the MFIP to help address significant challenges faced during the COVID-19 pandemic

Economic assistance cash program uniformity

Pg. 47



Investment
FY 2022-23:
\$4.1 million
FY 2024-25:
\$78.7 million

Simplifies
benefit
process

0 FTEs

- Simplifies the process for determining benefits
- Supports employment by reducing paperwork for recipients who get jobs
- Integrates services in ways that work well for counties, tribes and DHS
- Prepares for a more efficient, less expensive system to determine eligibility

Indian child welfare training partnership

Pg. 54



Investment
FY 2022-23:
\$2.0 million
FY 2024-25:
\$2.1 million

Protecting
Native
Children

0 FTEs

- Provides training and development for county child welfare and child protection staff
- Develops child welfare training for American Indian tribes
- Provides funding to develop a Tribal Training and Certification Partnership through the University of Minnesota Duluth Center for Regional and Tribal Child Welfare Studies

Family First Prevention Services Act

Pg. 58



Investment
FY 2022-23:
\$1.6 million
FY 2024-25:
\$1.7 million

Ensures
federal
compliance

11 FTEs

- Increases staff to certify providers and oversee continued implementation of the Family First Prevention Services Act, especially the new Title IV-E requirements, by the federal deadline of Oct. 1, 2021

A person wearing a dark suit jacket over a light-colored button-down shirt is seated at a desk. They are holding a magnifying glass with a gold-colored frame over a document. Their left hand is resting on the document, while their right hand holds the handle of the magnifying glass. The document appears to be a financial or official report with some text and numbers visible. The background is slightly blurred, showing a white wall and a wooden chair.

Program integrity and compliance

All state funds
investment
\$6.1 million in
FY 2022-23

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

Pgs. 68, 72, 119, 123



Investment
FY 2022-23:
\$6.1 million
FY 2024-25:
\$1.7 million

SNAP
payment
error rate
was 9.78 %
in FFY 2019

6 FTEs

- **CF-47** – Places Minnesota’s Northstar Adoption Assistance statutes in compliance with federal law
- **CF-50** – Helps put SNAP payment error rate under the 6% national threshold
- **OP-44** – Background studies federal compliance
- **OP-45** – Allows DHS to conduct background studies for PELSB and MNsure

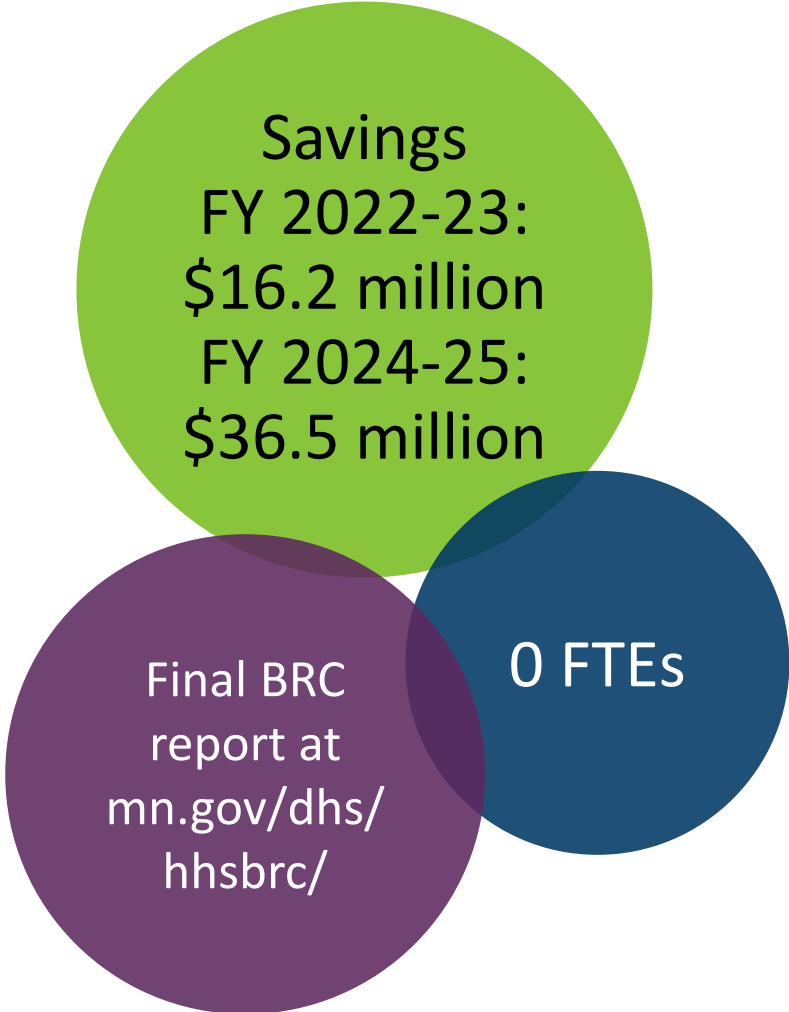


All state funds
savings
\$18.1 million
in FY 2022-23

Blue Ribbon Commission strategies

Disability reforms, ensuring equitable access to HCBS waivers

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Savings
FY 2022-23:
\$16.2 million
FY 2024-25:
\$36.5 million

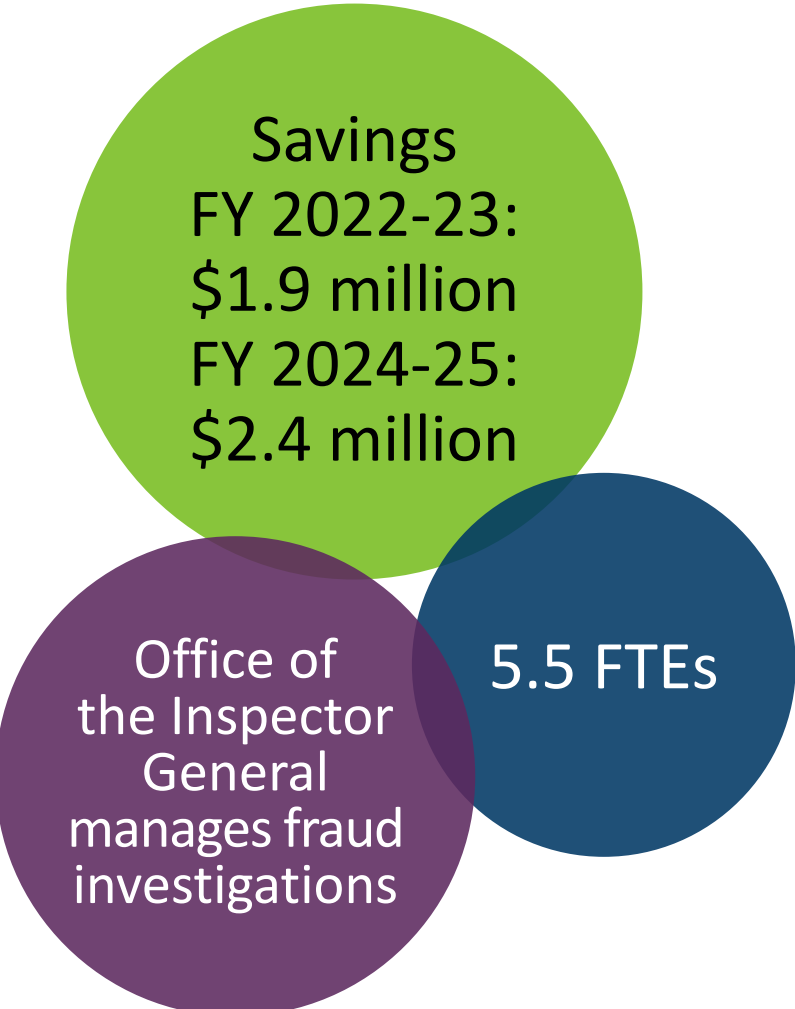
Final BRC
report at
[mn.gov/dhs/
hhsbrc/](https://mn.gov/dhs/hhsbrc/)

0 FTEs

- **CS-49** – Curbs residential service costs, reforms family residential services rates, discontinues disability services grants
- **CS-92** – Focuses on understanding the assessment process for Home and Community-Based Waiver program from the perspectives of different racial and ethnic communities

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

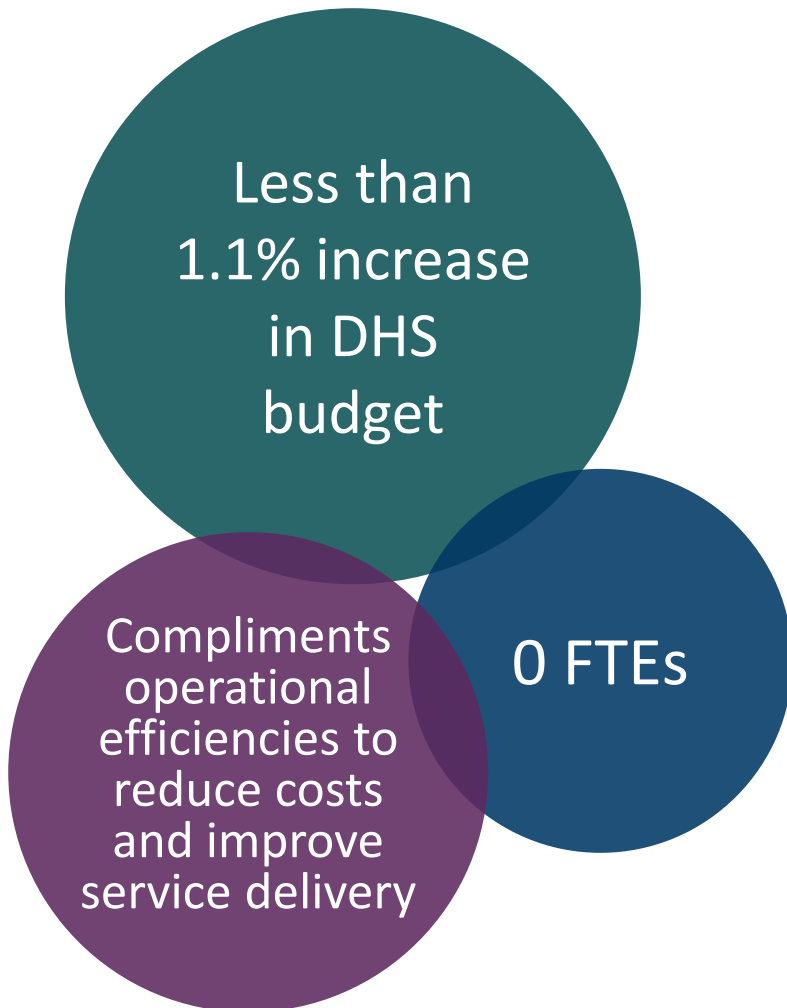


EQUAL JUSTICE UNDER LAW

Other proposals

Agencywide operating adjustment

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

Thank You!