

Governor's FY24-25 Supplemental Budget Recommendations

House Human Services Finance
April 9, 2024



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.

Impact of DHS Programs



620,000+ children
48% of children in MN



930,000+ adults and parents
27% of adults in MN



150,000+ older adults
17% of older adults in MN



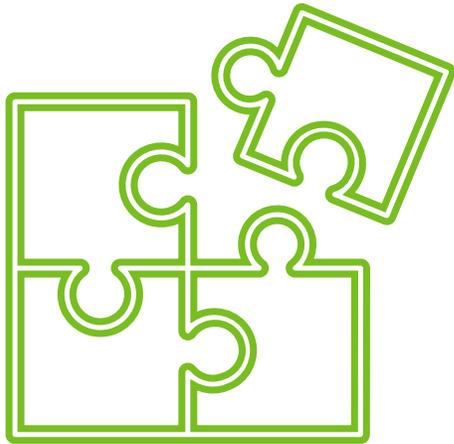
230,000+ people with disabilities
37% of people with disabilities in MN



Transformative Investments from 2023 Legislative Session

- Made substantial progress in 2023 to improve human services programs that serve more than 1.5 million Minnesota residents
- Took important steps to strengthen the childcare industry, support the well-being of all Minnesota children, stabilize working families, address the workforce crisis in home and community-based services, and address deep poverty and homelessness.
- Improved equitable access to behavioral health care services and health insurance coverage, particularly for children
- Authorized the Department of Children, Youth, and Families and the Department of Direct Care and Treatment to make it easier to access comprehensive services and bolster patient care

Summary of Total DHS Supplemental Budget Package



Investments

FY 2024-25 - \$47.4M

FY 2026-27 - \$20.7M

- 18 proposals across Human Services, Children & Families, and Health & Human Services jurisdictions
- The [DHS Governor's Budget](#) focuses on critical needs such as:
 - Increasing the state's capacity to serve people needing behavioral health care
 - Deploying strategies to assist people with complex needs to leave hospital care when they no longer need it
 - Reducing opioid overdoses through 1115 reentry waiver
 - Investing in vital infrastructure supporting the child welfare system
 - Developing an agile response to emergency needs
 - Operational needs as the agency reconfigures

Expanding Access to DCT Care



FY 2024-25 - \$3.9M

FY 2026-27 - \$3.2M

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Increases capacity at DCT psychiatric hospitals for adults and children based on the Priority Admissions Task Force's recommendations. Components of this proposal include:

- **Increase Care to Children:** Invests in the Child and Adolescent Behavioral Health Hospital to operate at full capacity (increasing 8 beds)
- **Increase Access to Mental Health Care for Adults:** Increases the number of people served by a forensic mental health program (FMHP) by repurposing resources at CARE Carlton and CARE St. Peter into a FMHP, increasing mental health beds by 16
- **Coordination with Jails:** Provides funding to provide support and technical assistance to county correctional facilities
- **Future Policy Development:** Creates a Mentally Ill and Dangerous Commitment Reform Task Force to optimize the use of state resources and increase equitable outcomes

Acute Care Transitions for People with Disabilities and Complex Health Conditions



FY 2024-25 - \$0.9M

FY 2026-27 - \$6.7M

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Improves outcomes for children and adults with complex health conditions who are stuck in hospitals and not getting the care and therapeutic services they need to thrive in the community

Strategies include:

- **Services in Hospital:** To improve continuity of care and experiences for people with disabilities when they need acute care in the hospital, this proposal provides flexibility to allow disability waiver workers to provide services to the people they serve in hospitals. This also supports future policy development for PCA work in hospitals for people with complex behavioral needs.
- **Address the backlog of MnCHOICES assessments:** This proposal removes the 60-day limitation to allow an initial assessment to be valid for 365 days and removes the experience requirement for registered nurses to increase applicant pool for assessors.

Acute Care Transitions for People with Disabilities and Complex Health Conditions (cont.)



FY 2024-25 - \$0.9M

FY 2026-27 - \$6.7M

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- **Supporting Older Adults with Complex Needs through the Elderly Waiver (EW) Program:** This proposal expands the EW program by offering an enhanced budget and a rate exception process for people who have complex needs, require intensive support to live in the community, and who meet a defined eligibility threshold.
- **Supporting Older Adults in the Alternative Care (AC) program:** This proposal adds Transitional services on the AC program, which helps people move from a facility to the community.
- **Assisting Tribal Nations to Support People with Disabilities and Older Adults:** This proposal provides funding to work with Tribal Nations to develop a Tribal MA Vulnerable adult/developmental disability Targeted Case Management (VA/DD- TCM) benefit

Reducing Recidivism and Preventing Opioid Overdoses



FY 2024-25 - \$4.8M

FY 2026-27 - \$13.9M

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People who are recently released from incarceration in prisons and jails are up to forty times more likely to die of an opioid overdose than the general population. This proposal seeks to save lives by supporting people in jail and prisons to access behavioral health services and access to MA post-release.

This proposal:

- Creates a Medicaid demonstration project to reimburse some physical and behavioral health services in prisons and jails for 90 days before a person's release
- Provides ongoing funding for the [Bridging Benefits program](#), which reduces recidivism by improving people's well-being and stability in the community

Reducing Recidivism and Preventing Opioid Overdoses (cont.)



FY 2024-25 - \$4.8M
FY 2026-27 - \$13.9M

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Medicaid Re-Entry Benefit: **Eligibility**

- People incarcerated in participating facilities who are determined eligible for MA will be eligible for the MA re-entry benefit 90 days prior to their release
- DHS will collaborate with the DOC, local governments, and Tribal governments to develop a streamlined approach for determining MA eligibility in participating sites
- Eligibility determinations will occur at DHS, rather than counties and Tribes
- Upon release, eligible individuals will have access to the full MA benefit set without delay

Reducing Recidivism and Preventing Opioid Overdoses (cont.)



FY 2024-25 - \$4.8M

FY 2026-27 - \$13.9M

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Medicaid Re-Entry Benefit: **Services**

Available services under the 90-day benefit will include:

- Care coordination
- Prescription coverage and a 30-day supply of prescriptions upon release
- Substance Use Disorder comprehensive assessments, treatment coordination, peer recovery services, individual and group counseling, and Medications for Opioid Use Disorder (MOUD) and Medication Assisted Treatment (MAT)
- Mental health diagnostic assessment, group and individual psychotherapy, and peer specialist services
- Family planning and obstetrics and gynecology
- Physical health well-being and screenings and care for adults and youth

Reducing Recidivism and Preventing Opioid Overdoses (cont.)



FY 2024-25 - \$4.8M

FY 2026-27 - \$13.9M

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Medicaid Re-Entry Benefit: **Facilities**

Facilities in the first phase of the project will include:

- Three state correctional facilities – two men’s prisons to be determined by the DOC and the women’s prison in Shakopee
- Two locally operated juvenile facilities – identified in coordination with the Minnesota Juvenile Detention Association and the Minnesota Sheriffs’ Association
- Four local adult correctional facilities – identified in coordination with the Minnesota Sheriff’s Association and the Association of Minnesota Counties
- One correctional facility owned and managed by a tribal government, or a facility located outside of the 7-county metropolitan area that has an inmate census with a significant proportion of Tribal members or American Indians.

Reducing Recidivism and Preventing Opioid Overdoses (cont.)



FY 2024-25 - \$4.8M

FY 2026-27 - \$13.9M

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Medicaid Re-Entry Benefit: **Other Key Details**

- Collaboration is key. This includes people with lived experience and experiencing incarceration, DHS, DOC, Tribal governments, counties and cities, community partners, community-based organizations, and providers
- Proposal includes establishment of a council to inform the development and implementation of the benefit
- This proposal requires resources at jails and prisons. Includes resources for DOC as well as \$3.75 million to assist local facilities in planning and implementation
- Evaluation and future policy development is also key from the onset
- Future phases will include more locations, possibly more services, and will incorporate lessons learned from the first phase

Human Services Response Contingency Account



FY 2024-25 - \$10M

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This proposal creates a new special revenue account that will enable the state to respond to emergent human services needs. This proposal:

- Strengthens DHS' ability to respond to emergencies that happen outside the legislative session or budget process
- Builds on lessons learned from the COVID-19 pandemic, when American Rescue Plan funds were crucial to a flexible, effective response
- Patterns the fund after the existing Public Health Response Contingency Account, which is set aside for responding to emergency disease outbreaks

Direct Care and Treatment Separation Authority



Budget Neutral

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Provides statutory changes needed as Direct Care & Treatment becomes its own agency. Changes include:

- Shifting DCT's formal separation date to July 1, 2025 to align with the next state fiscal year
- Establishing the DCT Executive Board as required by law; and
- Specifying various statutory requirements for DCT as a standalone state agency

Disproportionate Share Offramp



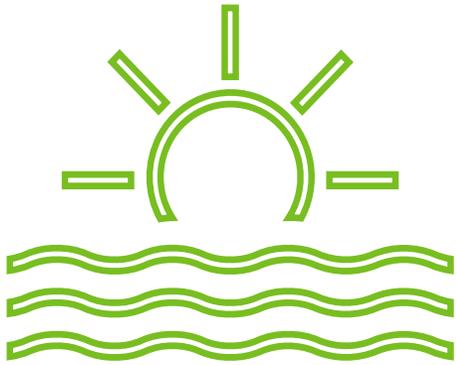
FY 2024-25 – \$(1.5)M
FY 2026-27 - \$(8.9)M

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This proposal sunsets the Disproportionate Share Program, which provides a rate floor for customized living services paid for through the Elderly Waiver (EW) program for some service providers

- The rate floor is applicable to people with lower needs and does not reflect a methodology centered around what is provided to the person
- This proposal fulfills previous legislative intent for the program to end once EW 24-hour customized living rates were fully funded, which occurred in the 2023 legislative session
- Absent this rate floor, eligible facilities would have received a 44.78% increase on the aggregate in January 2024. With the rate floor, these providers saw a 68% rate increase in 2024.
- This proposal ensures that services rates paid to providers are based on the needs of each person and the services provided to them

Other Key Proposals (budget neutral)



Budget Neutral

Opioid Allocation Modifications & Sunset Elimination (page 28)

- Preserves fees on opioid manufacturers and distributors to provide ongoing funding needed to address escalating impacts of the opioid epidemic on people and families across Minnesota
- Adds the director of the Office of Addiction and Recovery to the Opioid Epidemic Response Advisory Council as a non-voting advisory member

2023 Budget Bill Technical Cleanup (page 72)

- Makes technical changes to ensure DHS can carry out policy changes approved by the 2023 legislature
- Includes fixing carry forward amounts, effective dates, and other technical changes

- [DHS 2024 Supplemental Budget](#)
- [2024 Legislative Session Fact Sheets](#)
- [DHS Legislative Information](#)
- [Governor's Supplemental Budget \(MMB\)](#)

Thank you!