

# **160-Day Report**

## **Minnesota Department of Human Services**

**Commissioner Jodi Harpstead**  
**February 18, 2020**

# Elements of My 90-Day Plan

- Getting to bottom of reported payment issues.
- Filling open positions and building the new team.
- Building relationships with constituents
  - listening and communicating with transparency.
- Driving the innovation in the Department that has brought healthcare savings to Minnesota.

# Trustworthiness

**There is nothing more important for the Minnesota Department of Human Services than to be trustworthy for the people of Minnesota – the over 1 million people we support to live in community and all taxpayers. Period.**

# Mission, Vision and Values

**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.

**Vision:** When we help each other, we create a brighter future for Minnesota.

**Values:** - We focus on people, not programs.

- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others: we cannot do it alone.
- We are accountable for results to the people we serve and all Minnesotans.

# My Observations/Stories

- **Historic Increase in MFIP – Conversations with Beneficiaries**
- **Native American Community Clinic, Mpls.**
- **Wilder CCBHC Integrated Community/Health Work, Saint Paul**
- **African-American Family Preservation Conversation**
- **Leech Lake Band of Ojibwe SNAP-ED Program**
- **People with Disabilities living in host homes and apartments and working at Byerly's and Walgreens.**

# Why I Came to the Department of Human Services

- Better health, fuller lives, and lower cost for all Minnesotans – in that order.
- Moving the needle on equity, especially racial equity.
- Getting the Department's processes and systems humming like a Swiss watch so our good people can focus on fulfilling their mission.

# What I Found

- The same quality, caring and competent people I worked with in the Minnesota non-profit sector.
- Most of the DHS team would say they came to DHS to support their neighbors in living full lives – not to dot the i's and cross the t's.
- AND some of the people at DHS love to dot i's and cross t's and are very good at it. THEY came to do that work at DHS to support their neighbors in achieving their highest potential.

# State of Process Controls

- We have a high-capacity Department that is “soft around the edges”.
- We need to sharpen soft interdepartmental process controls to be sure service payment decisions are signed and documented by the right people.
- It is my belief that the MN Department of Human Services has always operated this way. We have been addressing some issues that go back 10-20 years. Governor Walz hired me to clean this up and move forward with processes we can all count on.



# Modern Tools

- AND DHS hired or trained their first Lean Six Sigma Quality Control Green and Black Belts – a proven approach to tight controls - in 2011.
- Examples of their track record:
  - Turning around Direct Care and Treatment
  - Childcare Investigation Process
  - Vulnerable Adult Process at the Office of Health Facility Complaints
  - Fall MNCare Re-enrollment Process

# DHS Payment Issues Raised in 2019

Issue	Date Issue Started	Overspending/ Refunding	Who Reported the Issue to the Legislature
Overpayments for Tribal MAT	2014	\$29 million	Press
Settle-up for IMD Overpayments	2016	State: \$61.8 million Counties: \$8.8 million	DHS in 2016/ Resurfaced by Press in 2019
Deceased Beneficiaries	2014	\$3.7 million	DHS Commissioner
MinnesotaCare Premium Refunds	2016	\$1.8 million	DHS Commissioner
Cash Assistance "Overrecovery"	2016	\$727,000	DHS Commissioner
16A/16C Reports	19??	0	DHS Commissioner
Title IV-E Funds	1-Jul-19	\$624,000 1st qtr.	DHS Commissioner
<b>TOTAL</b>		<b>\$106.5 million</b>	

# Sunlight is the best disinfectant

- I want to thank every employee, manager, and auditor who found these issues.
- Each one is a trail marker pointing to another process control step that will prevent future problems.
- We recently released an internal audit report of issues raised by our employees since last summer showing detailed recommendations of additional steps we could take to tighten controls.
- We are implementing every recommendation.

# **Every Dime Matters!**

**We have reported inappropriate payments this year. The decisions made by the Department of Human Services over many years that led to these inappropriate payments were not trustworthy decisions.**

**I am deeply sorry to our community partners, such as tribes and counties, as well as individual Minnesotans who were affected by these decisions.**

# The Total Picture

DHS is not:

- “In a free fall”
- “In crisis”
- “In total chaos”

Total from Issues Reported in 2019

\$ 106.5 Million over 6 years

Total DHS Payments

96.1 Billion over 6 years

= .1% of total payments

AND, we are going after the .1%, because every dime matters!

# Does the Federal Govt Ever Pay Us Back?

Recent Errors for which DHS has to re-pay the  
the federal government \$ 103.3 Million

Recent Items for which the federal government  
has had to re-pay DHS \$ 94 Million

- Multi-year clean-up of SIRS \$ 10 Million
- Settlement of the BHP lawsuit \$ 84 Million

# Payment Process Improvement

- DHS “Operation Swiss Watch” Kicked off Dec. 3
- DHS “Operation Stop Gap” In place since fall
- Public Sector Consultants coming in to show us best practices in other states.
- Scouring out processes in the Department, we will find problems and solve them.

# Stop Gap Early Learnings

- Legacy information systems that don't talk to each other.
- Complex interactions between CMS, DHS, 87 County accounting/claims systems.
- Errors/changes in federal guidance.
- DHS employees/managers embracing the process and coming forward with potential risk areas to look into.



# Centralizing Financial Controls

- In October 2019, the Procurement Division moved under the CFO. This area facilitates over \$650 million in spending and manages over \$500 million in assets.
- In October 2019, the financial team within the Healthcare Administration, our largest business area, was restructured to consolidate the financial responsibilities into one position which now reports up through the CFO.
- Our Financial Operations Division is also proposing additional resources, but already hums like a Swiss watch.

# Compliance Department Risk Assessment

Initial conversations with Department Senior Leaders uncovered the two biggest long-term risks:

- Needed System Upgrades
- Updating Process and Procedure Manuals

# What can the Legislature do?

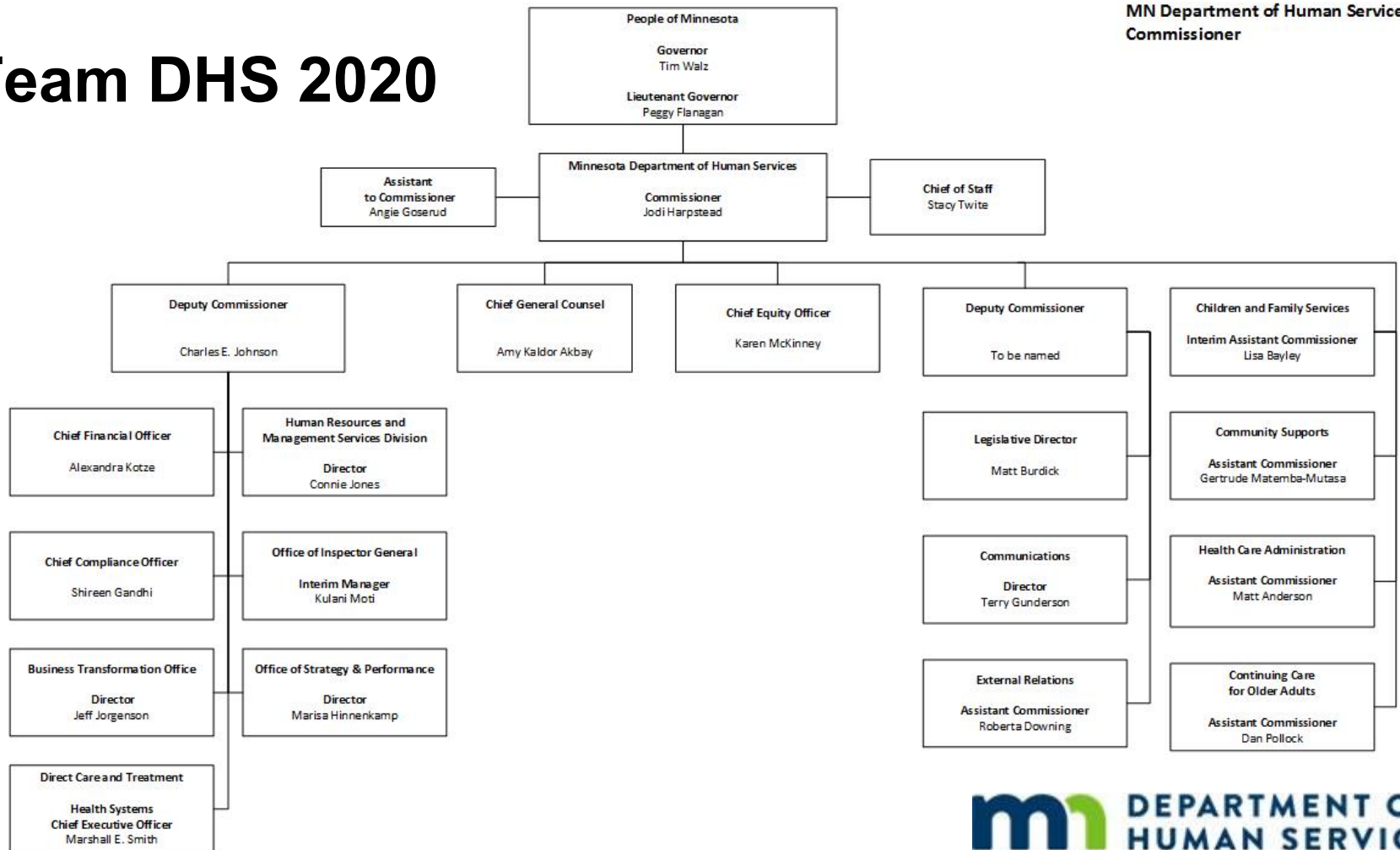
- Support additional green/black belts, compliance, financial control experts, IT systems.
- Consider proposed legislation to ensure “federal compliance” and “program integrity” – help us with the unexciting work of good government processes.

# What can the Legislature Do?

- Factor process integrity into legislation
  - De-regulation of childcare/PCA vs. tight safety controls
  - Everything starts on July 1
  - Time to stand-up new services/payments
- 12 new things or 8 new things with strong process controls?

# Team DHS 2020

MN Department of Human Services  
Commissioner



# New DHS Leadership Team

- We have cast a wide net looking for leadership talent and diversity
  - We have added 3 positions and eliminated 3.
  - At least 3 of 9 open positions will be filled with people of color.
- Four circles:
  - Assistant Commissioners of Service Administrations
  - Agency-Wide Administration and Controls
  - Communications and Relations
  - Equity
- Structure reflects our commitments to better health, fuller life, lower cost, equity, and process control.

# Sample Draft Three-Year Biggest Possibilities

**Marshall Smith, Direct Care and Treatment**

- Achieve the readiness criteria for the Malcolm Baldrige Award.

**Lisa Bayley, Children and Family Services**

- Capture and organize the statewide commitment to big picture reform of our child welfare system.

**Tom Moss, Interim Healthcare Administration**

- Establish Integrated Health Partnerships 2.0.

**Jodi Harpstead, Commissioner**

- 50% of all senior managers will achieve their Biggest Possibilities.

# Sample Strategic Plan Elements

- **Healthy Beginnings – reducing infant and maternal mortality**
- **Using an Equity Review tool to evaluate every DHS service**
- **Integrated Human Services technology to make services easier to access**



# Supporting Employees/Building Culture

- A strong management team – mix of veterans and fresh ideas – and training great managers people can trust.
- Employee Vision Statement
- Collaborative Safety Model - Tough on process, supportive and encouraging to people.

# Relationships, Relationships, Relationships

- Deputy Commissioner for Communications and Relations
  - Legislature, Counties, Tribes, Federal Government, Communities, Media
- Re-building a Tribal-County-DHS Leadership Council.
- Serving over 1 million Minnesotans and spending billions in taxpayer money, we have a particular obligation to excel at listening and communicating.
- Developing new flexibility around discussing issues with key partners instead of surprising them with new information. Working with tribes and counties to solve problems.

# Innovation – Better Health, Fuller Lives, Lower Costs - In that Order

- Minnesota already a national leader in new models:
  - Integrated Health Partnerships
  - Accountable Care Organizations
  - Incorporation of Social Determinants of Health
  - Certified Community Behavioral Health Clinics
  - “Two-Generation Support” Approaches
- One Result:
  - Average managed care capitation rates increased 8.3%/yr 2000-2010
  - Average managed care capitation rates decreased 5.7%/yr 2011-2016

# New Procurement Plan

## No Medicaid healthcare contracting in 2020

- All current contracts will stay in place – no disruption of coverage.
- Consumers of healthcare have access and plans have good rates.
- Gives us a chance to discuss what Minnesotans want.
- Gives new Assistant Commissioner for Healthcare and Medicaid Director a chance to get their feet under them.
- Gives DHS a chance to launch new process control effort.

# New Procurement Plan

- Rural children and family healthcare – RFP in 2021 to start in 2022.
- Senior and coordination services – RFP in 2021 to start in 2022.
- Metro children and family healthcare – RFP in 2022 to start in 2023.

# Lessons from 2019

- Most of the payment issues we are addressing now did not happen in 2019 – they went viral in 2019. And we've put stop gaps in place in 2019.
- Confluence of DHS resignations and media coverage of tribal overpayments in 2019 kicked off a frenzy that led to a view of DHS as a Department in disarray.
- The resulting outcry caused pressure on employee relationships in the Department, making it harder to get the good work done, not to mention our Biggest Possibilities.

# Lessons from 2019

- Democracy isn't easy – when we run billions of dollars of taxpayer money and every Minnesotan has an opinion about how that should be spent, we quickly become the Department everyone loves to criticize.
- Fair enough. We can live with that.
- I would ask Minnesotans to look at the Department's overall results, read the stories of the lives supported with their tax dollars through DHS's work, and make a fair judgment of the total picture.

# Visits to MSH and MSOP Facilities

- I am awe-inspired by the dedication of people who have spent 20-30 years in these services.
- I am awe-inspired by their commitment to de-escalation and minimizing restraints in personally dangerous encounters.
- I am awe-inspired that Minnesota supports these compassionate services.



# Break Up the Department?

- We are finalizing an RFP with the Governor's Office for a consultant with experience in other states to examine this question and tell us how other states organize Human Services.
- We and they will also study prior recommendations and spend 2020 developing a point of view with community inputs.
- We are eager to get our process controls in place before getting deep into this question.

# DHS Commissioner's Advisory Panel 2020

## Charge

To review progress and advise the Commissioner on restoring the trustworthiness of the Department, including:

- Process controls
- Management team development
- Department culture
- Transparent communications and relationships

# Proud to be the Commissioner of DHS!

- The people of the Department came to DHS to support their neighbors in living in community and achieving their highest potential. We have attracted strong candidates for our open positions who are honored to be joining us.
- I ask for your support as we work to:
  - Strengthen our process controls.
  - Build a strong team with new members.
  - Strengthen our relationships with partners and community.
  - Continue our innovation in health and human service delivery.

# Proud to be a Minnesotan!

- In every sector in which I've worked, we all come home from national conferences thrilled to be working in Minnesota.
- I have learned that Minnesotans uniquely believe:
  - We have an obligation to care for our neighbors.
  - If we apply ourselves, we can make things right.
- Minnesotans love and excel at the art of democracy.
- Bring on the conversation!

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