# HUMAN SERVICES DEPT CONTENTS

⇒ Designates that this item is a change item

## Agency Purpose

The Minnesota Department of Human Services (DHS) helps people meet their basic needs so they can live in dignity and achieve their highest potential.

## At a Glance

***Health care programs — FY 2009***

- Average monthly enrollment of 707,000
- Medical Assistance — 557,000 people
- MinnesotaCare — 118,000 people
- General Assistance Medical Care — 32,000
- 118,000 health care providers and eight contracted health plans
- 52.3 million health encounters, claims and managed care capitations processed

***Economic assistance programs — FY 2009***

- Food Support — 315,000 people per month
- Minnesota Family Investment Program and Diversionary Work Program cases — 36,900 families
- General Assistance — almost 20,000 people
- More than 398,000 parents assisted through child support enforcement
- $629 million in child support payments collected
- 17,700 families received child care assistance for 31,400 children
- About 6,800 children were cared for by adoptive parents or relatives who receive financial assistance and support for children's special needs.
- 653 children under state guardianship were adopted

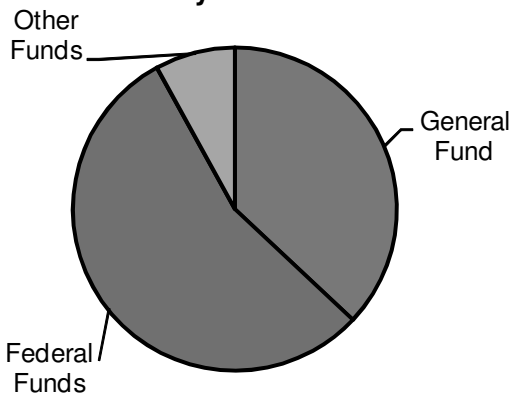
***Mental health services – FY 2009***

- About 137,658 adults received publicly funded mental health services
- 42,292 children received publicly funded mental health services

***Operations***

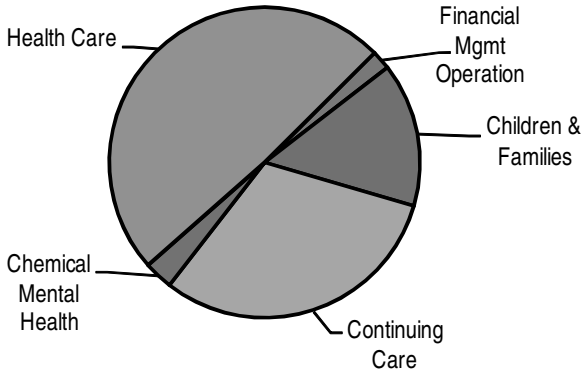
- FY 2010-11 $8.8 billion general fund budget
- FY 2010-11 $23.5 billion all funds budget
- 86% of DHS' general fund budget is spent on health care and long-term care programs and related services
- Approximately 97% of DHS' budget goes toward program expenditures, with 3% spent on Central Office administration

**Est. FY 2010-11 Expenditures by Fund**




*Source: Consolidated Fund Statement*

**Est. FY 2010-11 Expenditures by Program**




*Source: Consolidated Fund Statement*

## Strategies

Strategies DHS uses to accomplish its mission are:

- Ensuring basic health care for low-income Minnesotans
- Helping Minnesotans support their families
- Aiding children and families in crisis
- Assisting people with chemical and mental health care needs
- Providing direct care services to people with disabilities
- Providing sex offender treatment
- Promoting independent living for seniors

## Operations

**Health care programs**
DHS administers:

- Medical Assistance (MA), Minnesota's Medicaid program for low-income seniors, children and parents and people with disabilities;
- MinnesotaCare for residents who do not have access to affordable private health insurance and do not qualify for other programs; and
- General Assistance Medical Care (GAMC), primarily for adults without dependent children.

Across these three programs approximately two-thirds of all enrollees get their care through one of eight contracted health plans.

**Economic assistance programs:** DHS works with counties and tribes to help low-income families with children achieve economic stability through programs such as the Minnesota Family Investment Program (MFIP), the Diversionary Work Program (DWP), child support enforcement, child care assistance, food support, refugee cash assistance and employment services.

**Child welfare services:** DHS works with counties and tribes to ensure that children in crisis receive the services they need quickly and close to home so they can lead safe, healthy and productive lives. DHS guides statewide policy in child protection services, out-of-home care and permanent homes for children.

**Services for people with disabilities:** DHS promotes independent living for people with disabilities by encouraging community-based services rather than institutional care. DHS sets statewide policy and standards for care and provides funding for developmental disability services, mental health services and chemical health services. DHS also provides services for people who are deaf or hard of hearing through its regional offices in Bemidji, Duluth, Mankato, Moorhead, Rochester, St. Cloud, St. Paul, St. Peter and Virginia.

**Direct care services:** DHS provides an array of treatment and residential services to people with mental illness, chemical dependency, developmental disabilities or acquired brain injury, some of whom may pose a risk to society. These services are provided through programs based in Alexandria, Annandale, Anoka, Baxter, Bemidji, Carlton, Fergus Falls, Rochester, St. Peter, Wadena and Willmar, and through Minnesota State Operated Community Services, which has programs and homes for people with developmental disabilities throughout the state. DHS also provides treatment for people who have been civilly committed as mentally ill and dangerous at Minnesota Security Hospital in St. Peter and for people who are developmental disabled and present a risk to society at the Minnesota Extended Treatment Options Program in Cambridge.

**Sex offender treatment:** The Minnesota Sex Offender Program in Moose Lake and St. Peter provides inpatient services and treatment to people who are committed by the court as a sexual psychopathic personality or a sexually dangerous person.

**Services for seniors:** DHS supports quality care and services for older Minnesotans so they can live as independently as possible. Quality assurance and fiscal accountability for the long-term care provided to low-income elderly people, including both home and community-based services and nursing home care, are key features.

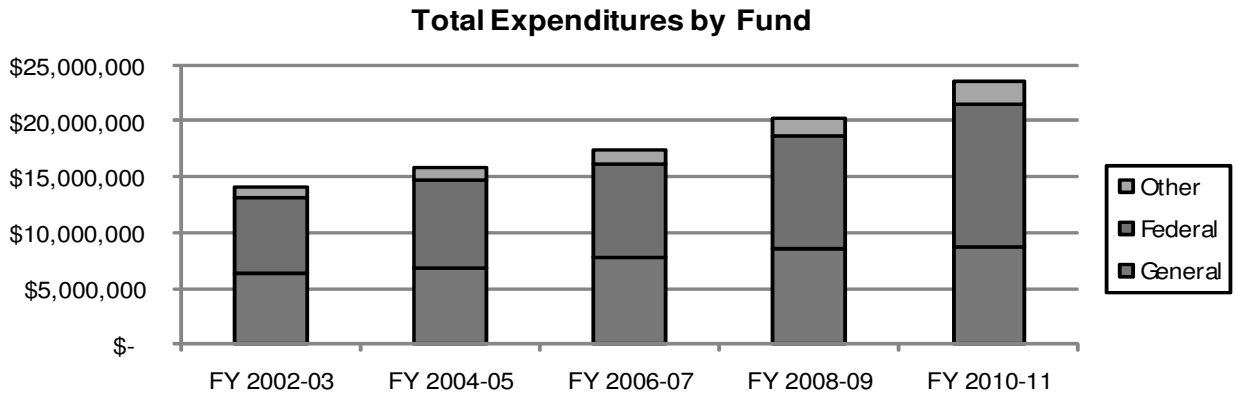
**Licensing:** DHS licenses about 24,300 service providers, including group homes; treatment programs for people with chemical dependency, mental illness or developmental disabilities; child care providers; and foster care providers. DHS also monitors their compliance with Minnesota laws and rules, investigates reports of possible maltreatment and completes background studies on individuals who provide direct care.

**Department operations:** DHS has a wide variety of customers and business partners, including the state's 87 counties, 11 tribal governments, 118,000 health care providers and eight contracted health plans. DHS provides significant operational infrastructure to Minnesota's human services programs, most of which are provided at the county level.

DHS' operations support other providers who directly serve Minnesotans. DHS oversees significant computer systems support for: MAXIS, which determines eligibility for economic assistance programs; PRISM, the child support enforcement system; the Medicaid Management Information System (MMIS), which pays medical claims

for publicly funded health care programs; the Social Service Information System (SSIS), an automated child welfare case management system for child protection, children's mental health and out-of-home placement; and MEC2, the Minnesota Electronic Child Care system.

## Budget Trends Section




*Source data for the previous chart is the Minnesota Accounting and Procurement System (MAPS).*

The American Recovery and Reinvestment Act of 2009 (ARRA) has temporarily increased federal funding for several programs administered by DHS. The most significant impact of this federal stimulus is that it increased the federal share of spending on the MA health care program from October 2009 to December 2010.[1] As a result, federal funds have replaced $1.8 billion of state general funds that otherwise would have been spent on MA.

External factors impacting DHS' operations include: growth in the demand for human services as the economy takes its toll on people at the lower end of the economic ladder, creating additional budget pressures; changing demographics (including longer lifespans, an aging population and growth in immigrant communities and communities of color); growth in health care costs; federal health care reform; federally mandated and state-initiated expansions to health care program eligibility, with increased complexity in program eligibility requirements; significant increases in the complexity of program funding and budgeting rules; accelerated rate of change in computer technology and the movement toward electronic government services for citizens; increased expectations for the use of electronic transfers of funds among DHS business partners; and significant growth in the number of civilly committed sex offenders.

### Contact

Minnesota Department of Human Services
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Office of the Commissioner: (651) 431-2709
Web site: http://www.dhs.state.mn.us

[1] In August 2010 Congress extended an increased federal share of spending on MA for an additional six months, from January 2011 to June 2011. This federal funding is not included in the above chart; it is expected to replace an additional $230 million of FY2011 state general fund spending on MA.

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 4,231,138 | 4,780,465 | 4,779,805 | 4,779,805 | 9,559,610 |
| **Recommended** | **4,231,138** | **4,554,052** | **5,818,801** | **6,040,917** | **11,859,718** |
| Change | | (226,413) | 1,038,996 | 1,261,112 | 2,300,108 |
| % Biennial Change from 2010-11 | | | | | 35% |
| **State Government Spec Revenue** | | | | | |
| Current Appropriation | 565 | 565 | 565 | 565 | 1,130 |
| **Recommended** | **565** | **565** | **3,565** | **3,565** | **7,130** |
| Change | | 0 | 3,000 | 3,000 | 6,000 |
| % Biennial Change from 2010-11 | | | | | 531% |
| **Health Care Access** | | | | | |
| Current Appropriation | 507,524 | 389,355 | 389,355 | 389,355 | 778,710 |
| **Recommended** | **507,524** | **484,374** | **417,562** | **458,175** | **875,737** |
| Change | | 95,019 | 28,207 | 68,820 | 97,027 |
| % Biennial Change from 2010-11 | | | | | -11.7% |
| **Federal Stimulus** | | | | | |
| Current Appropriation | 110,010 | 0 | 0 | 0 | 0 |
| **Recommended** | **110,010** | **0** | **0** | **0** | **0** |
| Change | | 0 | 0 | 0 | 0 |
| % Biennial Change from 2010-11 | | | | | -100% |
| **Federal Tanf** | | | | | |
| Current Appropriation | 284,940 | 298,491 | 298,491 | 298,491 | 596,982 |
| **Recommended** | **284,940** | **257,591** | **275,703** | **267,273** | **542,976** |
| Change | | (40,900) | (22,788) | (31,218) | (54,006) |
| % Biennial Change from 2010-11 | | | | | 0.1% |
| **Lottery Cash Flow** | | | | | |
| Current Appropriation | 1,579 | 1,582 | 1,582 | 1,582 | 3,164 |
| **Recommended** | **1,579** | **1,582** | **1,665** | **1,665** | **3,330** |
| Change | | 0 | 83 | 83 | 166 |
| % Biennial Change from 2010-11 | | | | | 5.3% |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 3,897,514 | 4,433,315 | 5,767,058 | 5,988,630 | 11,755,688 |
| State Government Spec Revenue | 551 | 579 | 3,565 | 3,565 | 7,130 |
| Health Care Access | 480,630 | 499,572 | 413,123 | 453,736 | 866,859 |
| Federal Stimulus | 109,999 | 1 | 0 | 0 | 0 |
| Federal Tanf | 250,081 | 257,591 | 275,703 | 267,273 | 542,976 |
| Lottery Cash Flow | 1,578 | 1,583 | 1,665 | 1,665 | 3,330 |
| **Statutory Appropriations** | | | | | |
| General | 6,659 | 0 | 0 | 0 | 0 |
| Miscellaneous Special Revenue | 502,467 | 448,249 | 333,700 | 337,441 | 671,141 |
| Federal | 5,066,581 | 5,178,827 | 5,682,119 | 5,975,374 | 11,657,493 |
| Federal Stimulus | 1,034,942 | 871,713 | 12,569 | 5,434 | 18,003 |
| Miscellaneous Agency | 644,786 | 663,139 | 663,644 | 664,279 | 1,327,923 |
| Gift | 36 | 79 | 45 | 22 | 67 |
| Revenue Based State Oper Serv | 79,804 | 79,826 | 79,826 | 79,826 | 159,652 |
| Mn Neurorehab Hospital Brainer | 7,267 | 2,073 | 2,073 | 2,073 | 4,146 |
| Dhs Chemical Dependency Servs | 20,379 | 20,256 | 20,256 | 20,256 | 40,512 |
| Materials Distribution | 651 | 750 | 750 | 750 | 1,500 |
| **Total** | **12,103,925** | **12,457,553** | **13,256,096** | **13,800,324** | **27,056,420** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 487,698 | 488,041 | 480,980 | 479,765 | 960,745 |
| Other Operating Expenses | 300,743 | 349,317 | 300,031 | 302,069 | 602,100 |
| Capital Outlay & Real Property | 155 | 8 | 8 | 8 | 16 |
| Payments To Individuals | 9,808,793 | 9,948,276 | 10,824,903 | 11,384,581 | 22,209,484 |
| Local Assistance | 861,422 | 1,013,855 | 987,783 | 970,875 | 1,958,658 |
| Other Financial Transactions | 645,114 | 658,056 | 659,603 | 660,238 | 1,319,841 |
| Transfers | 0 | 0 | 2,788 | 2,788 | 5,576 |
| **Total** | **12,103,925** | **12,457,553** | **13,256,096** | **13,800,324** | **27,056,420** |
| ***Expenditures by Program*** | | | | | |
| Central Office Operations | 298,318 | 307,103 | 286,226 | 285,233 | 571,459 |
| Forecasted Programs | 9,137,916 | 9,526,121 | 10,446,304 | 11,002,417 | 21,448,721 |
| Grant Programs | 1,189,317 | 1,086,900 | 1,014,099 | 1,000,147 | 2,014,246 |
| State Operated Services | 305,151 | 317,663 | 304,144 | 303,742 | 607,886 |
| Sex Offender Program | 60,891 | 72,415 | 72,666 | 75,662 | 148,328 |
| Fiduciary Activities | 641,288 | 659,989 | 660,494 | 661,129 | 1,321,623 |
| Technical Activities | 471,044 | 487,362 | 472,163 | 471,994 | 944,157 |
| **Total** | **12,103,925** | **12,457,553** | **13,256,096** | **13,800,324** | **27,056,420** |
| ***Full-Time Equivalents (FTE)*** | **6,508.5** | **6,424.5** | **6,312.4** | **6,213.6** | |

*Dollars in Thousands*

| | FY2011 | Governor's Recomm. FY2012 | Governor's Recomm. FY2013 | Biennium 2012-13 |
|---|---|---|---|---|
| ***Fund: GENERAL*** | | | | |
| **FY 2011 Appropriations** | **4,780,465** | **4,779,805** | **4,779,805** | **9,559,610** |
| **Technical Adjustments** | | | | |
| Approved Transfer Between Appr | | 0 | 0 | 0 |
| Current Law Base Change | | 1,317,714 | 1,671,242 | 2,988,956 |
| November Forecast Adjustment | (226,413) | (182,899) | (156,520) | (339,419) |
| Operating Budget Reduction | | (249) | (249) | (498) |
| Transfers Between Agencies | | 614 | 615 | 1,229 |
| **Subtotal - Forecast Base** | **4,554,052** | **5,914,985** | **6,294,893** | **12,209,878** |
| **Change Items** | | | | |
| Operating Budget Reduced: Central Office | 0 | (4,615) | (4,615) | (9,230) |
| Restructure Licensing Fees | 0 | (3,000) | (3,000) | (6,000) |
| Licensing Fees for Background Studies | 0 | (1,000) | (1,000) | (2,000) |
| Adoption / Relative Custody Assistance | 0 | 5,770 | 7,029 | 12,799 |
| Fund Growth for Mn Food Assistance Prog | 0 | 333 | 408 | 741 |
| CCSA for Vulnerable Children & Adults | 0 | (10,000) | (12,000) | (22,000) |
| Reduce MFIP Consolidated Fund | 0 | (14,000) | (14,000) | (28,000) |
| Combine & Restructure EGA & EMSA | 0 | (2,290) | (2,260) | (4,550) |
| End Child Support Incentive Grant | 0 | (3,355) | (3,355) | (6,710) |
| End State Community Action Grants | 0 | (3,900) | (3,900) | (7,800) |
| End State FAIM Grants | 0 | (492) | 0 | (492) |
| Child Care Assistance Program Changes | 0 | (799) | (5,956) | (6,755) |
| BSF Child Care Assistance Underspending | 0 | (5,000) | 0 | (5,000) |
| Increase Child Support Cost Recovery Fee | 0 | (519) | (1,100) | (1,619) |
| Match Supportive Services Expenditures | 0 | (500) | (500) | (1,000) |
| TANF Refinancing | 0 | (14,020) | (14,020) | (28,040) |
| Eliminate Delayed 1% DD Waiver Acuity | 0 | (4,481) | (4,481) | (8,962) |
| Aging Grant Reduction | 0 | (3,600) | (3,600) | (7,200) |
| Managing Elderly Waiver & AC Programs | 0 | (12,273) | (13,791) | (26,064) |
| Low Needs NF Case Mix | 0 | (8,413) | (8,880) | (17,293) |
| Reduce Certain Congregate Living Rates | 0 | (4,679) | (7,323) | (12,002) |
| Disability Waiver Enrollment Limits | 0 | (12,890) | (32,873) | (45,763) |
| Separate EW and NF Rates | 0 | (238) | (1,001) | (1,239) |
| Reduce Provider Rates & Grants | 0 | (67,635) | (76,796) | (144,431) |
| Modify Non-Rate Payments | 0 | (7,926) | (8,883) | (16,809) |
| NF and ICF/MR Surcharges | 0 | 11,629 | 12,486 | 24,115 |
| Increase MA-EPD Premium and Cost Share | 0 | 0 | 110 | 110 |
| Federal Compliance: Program Integrity | 0 | 206 | 185 | 391 |
| Coverage for Dental Therapists | 0 | 31 | 89 | 120 |
| MA Electronic Health Record Incentives | 0 | 319 | 86 | 405 |
| Leverage Federal Systems Funding | 0 | 900 | 1,600 | 2,500 |
| Managed Care Reforms | 0 | (18,522) | (72,006) | (90,528) |
| Evidence-Based Childbirth Program | 0 | (337) | (848) | (1,185) |
| Rehab Service Coverage & PA Changes | 0 | (45) | (936) | (981) |
| Modify Third Party Liability Processes | 0 | (108) | (108) | (216) |
| Modify Communication Device Pricing | 0 | (124) | (191) | (315) |
| Modify Pharmacy Reimbursement Method | 0 | (587) | (635) | (1,222) |
| Critical Access Dental Payments | 0 | (2,128) | (3,123) | (5,251) |
| Payment of Medicare Crossover Claims | 0 | (10,824) | (32,296) | (43,120) |
| Suspend Managed Care Incentive Payments | 0 | (645) | (645) | (1,290) |
| Reduce Basic Care Rates | 0 | (1,011) | (1,446) | (2,457) |
| Reduce Rates for Transportation Services | 0 | (1,649) | (2,458) | (4,107) |
| Maintain Child & Teen Check-up Rates | 0 | (130) | (265) | (395) |
| Delay Inpatient Hospital Rebasing | 0 | 0 | (99,041) | (99,041) |
| Reduce PMAP MERC Funding | 0 | (12,808) | (12,808) | (25,616) |
| MA Hospital Surcharge and Payment Rates | 0 | 61,942 | 61,495 | 123,437 |
| Managed Care Surcharge & Payment Rates | 0 | 35,270 | 67,620 | 102,890 |
| Federal Compliance: Eligibilty Changes | 0 | 15,930 | 38,332 | 54,262 |

*Dollars in Thousands*

| | FY2011 | Governor's Recomm. FY2012 | Governor's Recomm. FY2013 | Biennium 2012-13 |
|---|---|---|---|---|
| Tighten CD Tx Placement Criteria | 0 | (3,653) | (5,414) | (9,067) |
| County Share of CD Treatment Costs | 0 | (4,494) | (4,991) | (9,485) |
| Reduce SOS Mental Health Services | 0 | (2,670) | (2,713) | (5,383) |
| Mn Sex Offender Program Growth | 0 | 2,846 | 5,842 | 8,688 |
| **Total Governor's Recommendations** | **4,554,052** | **5,804,801** | **6,026,917** | **11,831,718** |
| ***Fund: STATE GOVERNMENT SPEC REVENUE*** | | | | |
| **FY 2011 Appropriations** | **565** | **565** | **565** | **1,130** |
| **Subtotal - Forecast Base** | **565** | **565** | **565** | **1,130** |
| **Change Items** | | | | |
| Restructure Licensing Fees | 0 | 3,000 | 3,000 | 6,000 |
| **Total Governor's Recommendations** | **565** | **3,565** | **3,565** | **7,130** |
| ***Fund: HEALTH CARE ACCESS*** | | | | |
| **FY 2011 Appropriations** | **389,355** | **389,355** | **389,355** | **778,710** |
| **Technical Adjustments** | | | | |
| Current Law Base Change | | (41,805) | 12,771 | (29,034) |
| November Forecast Adjustment | 95,019 | 85,582 | 116,283 | 201,865 |
| **Subtotal - Forecast Base** | **484,374** | **433,132** | **518,409** | **951,541** |
| **Change Items** | | | | |
| Managed Care Reforms | 0 | (5,310) | (18,928) | (24,238) |
| Critical Access Dental Payments | 0 | (603) | (2,207) | (2,810) |
| Suspend Managed Care Incentive Payments | 0 | (138) | (138) | (276) |
| Reduce Basic Care Rates | 0 | (42) | (112) | (154) |
| Managed Care Surcharge & Payment Rates | 0 | 4,799 | 9,273 | 14,072 |
| End MnCare for Adults Above 200% FPG | 0 | (10,110) | (23,381) | (33,491) |
| Repeal Unapproved MA Bridge Program | 0 | (4,152) | (16,891) | (21,043) |
| Repeal Unapproved Rolling & Grace Month | 0 | (1,778) | (8,511) | (10,289) |
| Repeal Unapproved MnCare Changes | 0 | (216) | (2,232) | (2,448) |
| Federal Compliance: Eligibilty Changes | 0 | 1,988 | 2,904 | 4,892 |
| Tighten CD Tx Placement Criteria | 0 | (8) | (11) | (19) |
| **Total Governor's Recommendations** | **484,374** | **417,562** | **458,175** | **875,737** |
| ***Fund: FEDERAL STIMULUS*** | | | | |
| **FY 2011 Appropriations** | **0** | **0** | **0** | **0** |
| **Subtotal - Forecast Base** | **0** | **0** | **0** | **0** |
| **Total Governor's Recommendations** | **0** | **0** | **0** | **0** |
| ***Fund: FEDERAL TANF*** | | | | |
| **FY 2011 Appropriations** | **298,491** | **298,491** | **298,491** | **596,982** |
| **Technical Adjustments** | | | | |
| Current Law Base Change | | (38,228) | (45,790) | (84,018) |
| November Forecast Adjustment | (40,900) | 1,420 | 552 | 1,972 |
| **Subtotal - Forecast Base** | **257,591** | **261,683** | **253,253** | **514,936** |
| **Change Items** | | | | |
| TANF Refinancing | 0 | 14,020 | 14,020 | 28,040 |
| **Total Governor's Recommendations** | **257,591** | **275,703** | **267,273** | **542,976** |
| ***Fund: LOTTERY CASH FLOW*** | | | | |
| **FY 2011 Appropriations** | **1,582** | **1,582** | **1,582** | **3,164** |
| **Technical Adjustments** | | | | |
| Current Law Base Change | | 83 | 83 | 166 |
| **Subtotal - Forecast Base** | **1,582** | **1,665** | **1,665** | **3,330** |

*Dollars in Thousands*

| | FY2011 | Governor's Recomm. FY2012 | Governor's Recomm. FY2013 | Biennium 2012-13 |
|---|---|---|---|---|
| **Total Governor's Recommendations** | **1,582** | **1,665** | **1,665** | **3,330** |
| ***Fund: MISCELLANEOUS SPECIAL REVENUE*** | | | | |
| **Planned Statutory Spending** | **448,249** | **332,123** | **335,341** | **667,464** |
| **Change Items** | | | | |
| Licensing Fees for Background Studies | 0 | 1,000 | 1,000 | 2,000 |
| Increase Child Support Cost Recovery Fee | 0 | 550 | 1,100 | 1,650 |
| Coverage for Tribal Child Placements | 0 | 27 | 0 | 27 |
| **Total Governor's Recommendations** | **448,249** | **333,700** | **337,441** | **671,141** |
| ***Fund: FEDERAL*** | | | | |
| **Planned Statutory Spending** | **5,178,827** | **5,663,099** | **5,961,354** | **11,624,453** |
| **Change Items** | | | | |
| BSF Child Care Assistance Underspending | 0 | 5,000 | 0 | 5,000 |
| TANF Refinancing | 0 | 14,020 | 14,020 | 28,040 |
| **Total Governor's Recommendations** | **5,178,827** | **5,682,119** | **5,975,374** | **11,657,493** |
| ***Fund: FEDERAL STIMULUS*** | | | | |
| **Planned Statutory Spending** | **871,713** | **12,569** | **5,434** | **18,003** |
| **Total Governor's Recommendations** | **871,713** | **12,569** | **5,434** | **18,003** |
| ***Fund: MISCELLANEOUS AGENCY*** | | | | |
| **Planned Statutory Spending** | **663,139** | **663,644** | **664,279** | **1,327,923** |
| **Total Governor's Recommendations** | **663,139** | **663,644** | **664,279** | **1,327,923** |
| ***Fund: GIFT*** | | | | |
| **Planned Statutory Spending** | **79** | **45** | **22** | **67** |
| **Total Governor's Recommendations** | **79** | **45** | **22** | **67** |
| ***Fund: REVENUE BASED STATE OPER SERV*** | | | | |
| **Planned Statutory Spending** | **79,826** | **79,826** | **79,826** | **159,652** |
| **Total Governor's Recommendations** | **79,826** | **79,826** | **79,826** | **159,652** |
| ***Fund: MN NEUROREHAB HOSPITAL BRAINER*** | | | | |
| **Planned Statutory Spending** | **2,073** | **2,073** | **2,073** | **4,146** |
| **Total Governor's Recommendations** | **2,073** | **2,073** | **2,073** | **4,146** |
| ***Fund: DHS CHEMICAL DEPENDENCY SERVS*** | | | | |
| **Planned Statutory Spending** | **20,256** | **20,256** | **20,256** | **40,512** |
| **Total Governor's Recommendations** | **20,256** | **20,256** | **20,256** | **40,512** |
| ***Fund: MATERIALS DISTRIBUTION*** | | | | |
| **Planned Statutory Spending** | **750** | **750** | **750** | **1,500** |
| **Total Governor's Recommendations** | **750** | **750** | **750** | **1,500** |
| ***Revenue Change Items*** | | | | |
| ***Fund: GENERAL*** | | | | |
| **Change Items** | | | | |
| Operating Budget Reduced: Central Office | 0 | (1,615) | (1,615) | (3,230) |
| Restructure Licensing Fees | 0 | (2,415) | (2,415) | (4,830) |
| Licensing Fees for Background Studies | 0 | (350) | (350) | (700) |
| Liquidate SSI-IAR Carryforward Balance | 0 | 2,800 | 0 | 2,800 |
| Managing Elderly Waiver & AC Programs | 0 | 39 | 35 | 74 |
| Low Needs NF Case Mix | 0 | 39 | 35 | 74 |
| Reduce Certain Congregate Living Rates | 0 | 158 | 175 | 333 |
| Reduce Provider Rates & Grants | 0 | 70 | 70 | 140 |

*Dollars in Thousands*

| | FY2011 | Governor's Recomm. FY2012 | Governor's Recomm. FY2013 | Biennium 2012-13 |
|---|---|---|---|---|
| NF and ICF/MR Surcharges | 0 | 33,853 | 34,852 | 68,705 |
| Increase MA-EPD Premium and Cost Share | 0 | 0 | 38 | 38 |
| Federal Compliance: Program Integrity | 0 | 172 | 190 | 362 |
| Evidence-Based Childbirth Program | 0 | 49 | 40 | 89 |
| Rehab Service Coverage & PA Changes | 0 | 7 | 82 | 89 |
| Modify Third Party Liability Processes | 0 | (38) | (38) | (76) |
| Modify Pharmacy Reimbursement Method | 0 | 34 | 30 | 64 |
| MA Hospital Surcharge and Payment Rates | 0 | 242,118 | 256,053 | 498,171 |
| Managed Care Surcharge & Payment Rates | 0 | 132,335 | 177,952 | 310,287 |
| End MnCare for Adults Above 200% FPG | 0 | (603) | (1,408) | (2,011) |
| Mn Sex Offender Program Growth | 0 | 285 | 584 | 869 |
| ***Fund: STATE GOVERNMENT SPEC REVENUE*** | | | | |
| **Change Items** | | | | |
| Restructure Licensing Fees | 0 | 3,000 | 3,000 | 6,000 |
| ***Fund: HEALTH CARE ACCESS*** | | | | |
| **Change Items** | | | | |
| End MnCare for Adults Above 200% FPG | 0 | (23) | (65) | (88) |
| Repeal Unapproved MA Bridge Program | 0 | (178) | (214) | (392) |
| Repeal Unapproved MnCare Changes | 0 | (23) | (78) | (101) |
| ***Fund: MISCELLANEOUS SPECIAL REVENUE*** | | | | |
| **Change Items** | | | | |
| Licensing Fees for Background Studies | 0 | 1,000 | 1,000 | 2,000 |
| Increase Child Support Cost Recovery Fee | 0 | 550 | 1,100 | 1,650 |
| Coverage for Tribal Child Placements | 0 | 27 | 0 | 27 |
| ***Fund: FEDERAL*** | | | | |
| **Change Items** | | | | |
| BSF Child Care Assistance Underspending | 0 | 5,000 | 0 | 5,000 |
| TANF Refinancing | 0 | 14,020 | 14,020 | 28,040 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(3,000) | $(3,000) | $(3,000) | $(3,000) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(3,000) | $(3,000) | $(3,000) | $(3,000) |

## Recommendation

The Governor recommends a net reduction of $3 million in FY 2012 and FY 2013 to the Department of Human Services (DHS) Central Office general fund operating budget. The Governor intends that DHS should focus its operating funds on maintaining its highest priority services. In addition, the Governor intends to provide as much flexibility as possible to the agency for the implementation of these reductions.

In order to achieve general fund savings of $3 million, DHS Central Office Operations must be reduced by $4.615 million because of the offsetting loss of federal administrative reimbursement (FFP). This recommendation, therefore, represents a 3.5% permanent reduction to DHS base general fund forecast budget for Central Office operations.

Several other proposals included in the Governor's package of recommendations for DHS contain additional operating budget reductions; because those are associated with implementation of the specific proposal, the reductions are tracked within each proposal. Similarly, a few proposals include increases in operations funding; those increases are tracked within the particular proposal that increases the department's administrative responsibilities.

## Rationale

The DHS base general fund operating budget is $131 million for FY 2012 and 2013 and includes amounts budgeted for all budget activities within the department's Central Office operations. To achieve permanent net reductions DHS will reassess operating budgets in the following five budget activities.

- Finance & Management
- Children & Families
- Health Care
- Continuing Care
- Chemical & Mental Health

A net reduction of $3 million dollars per year requires the department to reduce its Central Office general fund operations by $4.615 million per year, or 3.5%. This higher budget reduction is necessary because of an "offset" to the department's appropriations. The department earns an average of 35% in federal administrative reimbursement (also known as federal financial participation or FFP) for its Central Office public assistance administrative expenditures. This is non-dedicated revenue that is deposited into the General Fund.

The department will use a variety of strategies to achieve this level of reduction while maintaining its highest priority services. Such strategies may include changes in administrative service levels, staffing reductions, restructuring, and overall operating expense reductions. For preliminary planning purposes half of the reduction is anticipated to be in personnel. DHS will prioritize the use of available resources once it is able to assess the impact of legislative changes on the department's responsibilities and available state and federal appropriations.

The department's management team will put a specific reduction plan in place by the beginning of fiscal year 2012.

**Statutory Change:** Not Applicable

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (3,000) | (3,000) | (3,000) | (3,000) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(3,000)** | **(3,000)** | **(3,000)** | **(3,000)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 11 | Finance & Management | (4,615) | (4,615) | (4,615) | (4,615) |
| GF | REV1 | Admin FFP @ 35% | 1,615 | 1,615 | 1,615 | 1,615 |
| | | | | | | |
| FTEs Requested | | | | | | |
| 100 | 11 | | (27) | (27) | (27) | (27) |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(585) | $(585) | $(585) | $(585) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund: SGSR | | | | |
| Expenditures | 3,000 | 3,000 | 3.000 | 3,000 |
| Revenues | 3,000 | 3,000 | 3,000 | 3,000 |
| Net Fiscal Impact | $(585) | $(585) | $(585) | $(585) |

## Recommendation

The Governor recommends a restructuring of the funding mechanism for the Department of Human Services' licensing activities in order to more fully address actual licensing costs and reduce pressure on the state's General Fund. This change will entail moving to more of an enterprise model of funding for licensing activities through increasing licensing fees and utilizing the State Government Special Revenue Fund (SGSRF). This proposal affects approximately 4,000 licensed programs including chemical dependency treatment programs, residential mental health treatment programs, adult day care centers, child care centers, children's residential facilities, and services for people with developmental disabilities that are licensed such as day training and habilitation programs, and DD waiver services providers. The restructuring results in General Fund savings of $1.17 million for the 2012-2013 biennium.[1]

## Rationale

Minnesota currently funds most of its state commercial and professional licensing activities using a fee based model. Individuals or businesses being licensed are charged a fee that represents the state's cost of licensing. The result is payment for services by those benefiting from the licensing activity, i.e., those entities being licensed.

With respect to the Department of Human Services Licensing Division, licensure fees collected by the General Fund do not fully cover the General Fund appropriation for licensing. In effect, the General Fund subsidizes a number of human service licensing activities. The Department's goal is to more fully align the funding model for human service licensing with that used by other licensing agencies, i.e., a fee based model.

This proposal moves the Licensing Division to a more fee based model, similar to other state licensing agencies such as Department of Health and the health professional licensing boards. Specifically, this proposal increases licensing fees to recover the actual costs of licensing activities and moves the deposits and appropriation for fee-based activities from the General Fund to the State Government Special Revenue Fund (SGSRF). This model has a number of advantages, including:

- More accurate pricing by licensed businesses and individuals - the payment of state licensing costs by licensed entities themselves rather than the state's General Fund will result in pricing more accurately reflecting the cost of doing business (e.g. the cost of being licensed and associated benefits);
- Greater consistency in funding methodology across state licensing programs; and
- A funding stream which is more closely connected with and addresses changes in human service licensing activities and costs

This proposal relates to those fees that are currently deposited into the General Fund. These include initial application fees and annual license renewal fees. The fees collected do not adequately recover the costs of the licensing activities. Fees collected for these fee-based activities currently total $2.1 million per fiscal year while the corresponding activities are funded with an appropriation of $6.5 million per fiscal year. The result is a $4.4 million shortfall in the fee revenue that would be required to cover the costs of licensing activities. With this proposal the department is recommending that the General Fund continue to fund $3.5 million for delegated licensing functions, federal Adam Walsh background studies for child foster care, and background studies for DHS directly licensed programs. The remaining $3 million in costs will be paid with revenues from increased license fees. This will entail increasing licensing fees $900,000 and adding that to the $2.1 million already being collected. Under the proposal approximately 80 DHS programs that are currently exempted from license fees would be charged a license fee.

[1] This proposal makes structural changes in funding source but not in funding levels. Annual funding for licensing activities is $6.5 million. Under the proposal, the Licensing Division would receive $3.5 million from the General Fund and $3 million from the SGSRF.

Under the proposal, $2.1 million in revenues from existing licensing fees will be redirected from the General Fund to the SGSRF. License fees will be increased by $900,000, with those revenues placed in the SGSRF. The new total of $3 million in license fees will be appropriated to the Licensing Division from the SGSRF instead of from the General Fund. The General Fund saves $585,000. Collecting an additional $900,000 in license fees causes an attendant loss of Federal Financial Participation (FFP) of $315,000. To cover this loss, license holders will pay more in fees than the actual savings to the General Fund: $585,000 in savings to the General Fund versus $990,000 cost to license holders ($900,000 license fees plus $90,000 for e-licensing 10% surcharge[2]). The tables below illustrate the structural change in funding.

**Current**

| Licensing Division - Budget $6.5 million | General Fund Impact | e-licensing surcharge 10% | License holder Impact |
|---|---|---|---|
| License fees collected – General Fund | $2,100,000 | $210,000 | $2,310,000 |
| General Fund support required on top of license fees | $4,400,000 | | |
| Total Resources (General Fund) | $6,500,000 | | |
| *Federal Financial Participation (35%)* | *$1,540,000* | | |
| *General Fund net costs after FFP* | *$2,860,000* | | |

**Proposal**

| Licensing Division - Budget $6.5 million | General Fund Impact | e-licensing surcharge 10% | License holder Impact |
|---|---|---|---|
| License fees collected - SGSRF | $3,000,000 | $300,000 | $3,300,000 |
| General Fund support required on top of license fees | $3,500,000 | | |
| Total Resources (General Fund & SGSRF) | $6,500,000 | | |
| *Federal Financial Participation (35%)* | *$1,225,000* | | |
| *General fund net costs after FFP* | *$2,275,000* | | |

**Change**

| | | | |
|---|---|---|---|
| Net savings to General Fund vs. existing structure | $585,000 | | |
| New license holder costs vs. existing structure | | $90,000 | $990,000 |

## Key Goals and Measures

Licensing protects the health and safety of children and vulnerable adults by enforcing minimum licensing standards in programs licensed by DHS. Key Licensing Division performance measures related to this proposal are:

- the percentage of directly licensed programs that receive a licensing inspection at least every two years;
- the percentage of licensing complaints that are investigated and closed within 60 days; and
- the percentage of maltreatment investigations in directly licensed programs that are investigated and closed within 60 days.

**Statutory Change:** Licensure fees specified under Minnesota Statutes, chapter 245A will be adjusted. The statutory reference to where licensing revenues are deposited will be changed, and there will be a rider to appropriate monies out of the SGSRF account to the Licensing Division.

[2] 10% e-licensing surcharge, not to exceed $150 per license. This surcharge revenue is dedicated to the OET statewide e-licensing project.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | (585) | (585) | (585) | (585) |
| Health Care Access Fund | | | | | | |
| Other Fund - SGSR | | | 0 | 0 | 0 | 0 |
| **Total All Funds** | | | **-585** | **-585** | **-585** | **-585** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 11 | Move of Licensing Funding from GF to SGSR | (3,000) | (3,000) | (3,000) | (3,000) |
| GF | REV1 | FFP Impact (35%) | 315 | 315 | 315 | 315 |
| GF | REV2 | Move of Licensing Fee Revenue from GF to SGSR | 2,100 | 2,100 | 2,100 | 2,100 |
| SGSR | 11 | Move of Licensing Funding from GF to SGSR | 3,000 | 3,000 | 3,000 | 3,000 |
| SGSR | REV2 | Move of Licensing Revenue from GF to SGSR | (2,100) | (2,100) | (2,100) | (2,100) |
| SGSR | REV2 | Licensing Fee Increase - Increase Rev to SGSR | (900) | (900) | (900) | (900) |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(650) | $(650) | $(650) | $(650) |
| Revenues | | | | |
| Other Fund | | | | |
| Expenditures | 1,000 | 1,000 | 1,000 | 1,000 |
| Revenues | 1,000 | 1,000 | 1,000 | 1,000 |
| Net Fiscal Impact | $(650) | $(650) | $(650) | $(650) |

## Recommendation

The Governor recommends a restructuring of the funding mechanism for the Department's licensing activities in order to more fully address actual licensing costs and to reduce pressure on the state's General Fund. The net result of the recommended restructuring is a General Fund savings of $1.3 million for the 2012-2013 biennium.

This proposal affects approximately 4,000 licensed programs including chemical dependency treatment programs, residential mental health treatment programs, adult day care centers, child care centers, children's residential facilities, and services for people with developmental disabilities that are licensed such as day training and habilitation programs, and DD waiver services providers.

Under the proposal, programs directly licensed by DHS will be charged $20 for each background study that they initiate. These programs currently do not pay any fee for background studies. Under the proposal, the Licensing Division would charge license holders $20 for each background study that they initiate. The revenue will be placed in a dedicated special revenue fund account to fund licensing activities. The $20 fee is the same amount charged to other entities under Minnesota Statutes, section 245C.10.

The revenues generated from the background study fee will replace the current $1 million per year General Fund appropriation to the Licensing Division. Although the General Fund appropriation to Licensing would be reduced by $1 million, the net fiscal impact to the General Fund would be savings of $650,000, since there would be a corresponding loss of $350,000 in federal financial participation (35% FFP). License holders will likely oppose paying a total of $1 million to save the General Fund $650,000.

## Rationale

The proposal will help reduce pressure on the General Fund and will redirect charges to those programs that initiate the background studies; it is essentially a user fee. It is estimated that approximately 50,000 background studies will be completed each year (50,000 x $20 = $1 million).

The department anticipates that fewer studies will be initiated if there is a fee for the background study. For example, if a program has ten candidates for a position, the program may only initiate background studies on its the top five candidates rather than on all of the candidates.

## Key Goals and Measures

Conducting background studies protects the health and safety of children and vulnerable adults by preventing individuals with certain disqualifying characteristics from being in positions allowing direct contact. Background studies may also deter individuals with disqualifying characteristics from seeking employment in programs serving children and vulnerable adults when they know that a background study is required.

56,822 background studies were completed in directly licensed programs in FY 2010. 2,377 individuals were found to have disqualifying characteristics; 137 had disqualifying characteristics which are permanent disqualifications.

**Statutory Change:** M.S. 245C.10

**DHS Fiscal Detail for Budget Tracking:**

# HUMAN SERVICES DEPT

## Change Item: Licensing Fees for Background Studies

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (650) | (650) | (650) | (650) |
| Health Care Access Fund | | | | | | |
| Other Fund - Dedicated Revenue | | | 0 | 0 | 0 | 0 |
| **Total All Funds** | | | **(650)** | **(650)** | **(650)** | **(650)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 11 | Reduction in Funding for Background Studies | (1,000) | (1,000) | (1,000) | (1,000) |
| GF | REV1 | Reduction in FFP (35%) | 350 | 350 | 350 | 350 |
| DED | 11 | Dedicated Revenue for Licensing Background Studies (200 fund) | (1,000) | (1,000) | (1,000) | (1,000) |
| DED | 11 | Dedicated Revenue Expenditure on Background Studies (200 fund) | 1,000 | 1,000 | 1,000 | 1,000 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $5,770 | $7,029 | $7,029 | $7,029 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $5,770 | $7,029 | $7,029 | $7,029 |

## Recommendation

The Governor recommends changing the Adoption Assistance (AA) and Relative Custody Assistance (RCA) appropriations to reflect current caseload estimates for the 2012-13 biennium. Sufficient base funding for AA was not provided last session for the 2012-2013 biennium. These programs require an additional appropriation of $12.799 million from the General Fund for the 2012-2013 biennium. Without sufficient base and forecast funding, adoption assistance for special needs children cannot be provided to 1,562 children next biennium.

## Rationale

This proposal will adjust the AA and RCA program appropriations. About $5.2 million of this increase reflects restoring the base appropriations for the existing caseload. The remaining amount covers caseload growth in the 2012-2013 biennium.

Adoption assistance caseload is expected to increase from an average of 7,532 children in FY 2011 to an average of 7,986 in fiscal 2013. The relative custody assistance caseload is expected to remain relatively stable from an average of 1,930 children in FY 2011 to an average of 1,933 in FY 2013.

**Current Program:** There were 889 children under state guardianship at the end of 2010. During the year 585 children under state guardianship were adopted. Approximately 475 children experienced a transfer of permanent legal and physical custody to a relative or person significant to the child during that same time period.

- Adoption Assistance. The AA program provides financial assistance to adoptive parents to provide care that may include the purchase of ongoing and specialized services, for special needs children. The AA caseload is changing primarily as a function of the number of children with special needs who have been committed to state guardianship and the state and county success in finding and supporting adoptive families. Federal Title IV-E funding covers half of the assistance payment for about 70% of these children.
- Relative Custody Assistance. Similar to AA, RCA provides monthly financial assistance to a relative or person significant to the child who accepts permanent legal and physical custody, except that the monthly payment is adjusted based on the relative custodian's gross family income. The juvenile court must first determine that it is in the child's best interests to transfer permanent legal and physical custody rather than terminate parental rights. There is little or no difference in the needs of children experiencing a transfer of permanent legal and physical custody in comparison to those experiencing a termination of parental rights. Federal Title IV-E funds are not available for RCA.

Adoptive parents and legal custodians assume parenting responsibility for children who have experienced neglect, physical abuse, or sexual abuse. Many of these children have additional medical issues and often require psychological, medical, educational, and social services. Parents adopting these children have difficulty meeting their special needs without financial and other supports. If parents were not willing to make these children part of their family, many of the children would continue to be wards of the state, and counties would continue to pay for their foster care.

There is a high degree of interactivity among foster care, adoption assistance, and relative custody assistance. Children reside in foster care and other residential treatment facilities during family reunification efforts. The primary permanency options for children who cannot return home are adoption or transfer of permanent legal and physical custody.

## Key Goals and Measures

- Increase the percentage of children who gained permanency in fewer than 24 months from the time of latest removal from their home.
- Increase the number of children with a transfer of legal and physical custody to a relative.
- Reduce the number of youth who "age out" of foster care at age 18.

**Statutory Change:** Rider.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | 5,770 | 7,029 | 7,029 | 7,029 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **5,770** | **7,029** | **7,029** | **7,029** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 45 | **Adoption Assistance** | **6,571** | **8,016** | **8,016** | **8,016** |
| 100 | 45 | **Relative Custody Asst** | **(801)** | **(987)** | **(987)** | **(987)** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Fund Growth for Minnesota Food Assistance Program

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $333 | $408 | $408 | $408 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $333 | $408 | $408 | $408 |

## Recommendation

The Governor recommends additional funding for the Minnesota Food Assistance Program (MFAP) effective July 1, 2011. This will result in additional General Fund expenditures of $741,000 in 2012-2013 biennium and will permit the continuation of food assistance benefits for approximately 300 people.

## Rationale

The Minnesota Food Assistance Program (MFAP) was established in 1998. MFAP provides state funded food assistance for legal non-citizens who do not qualify for federal food benefits because of their citizenship status. The program uses all of the policies, procedures, benefit rates, and eligibility criteria as the federal food support program. MFAP is limited to those eligible non-citizens who are 50 years of age or older. The age limit (50 or older) was part of legislation passed in 2003. Children under the age of 18 who are legal non-citizens are eligible for federal food benefits.

MFAP operates on a fixed appropriation, so the budget for the program is not adjusted when the number of eligible participants increases.

In April 2009 food support benefits were increased under the American Recovery and Reinvestment Act (ARRA) of 2009 (PL 111-5). This increase also applied to MFAP recipients because the program operates under the same policies as federal food support. In addition to the benefit increase, we are seeing an increase in the number of MFAP cases. In FY 2011, we estimate there will be 300 average monthly cases, with monthly payments averaging $186.

Under current law, the base funding for MFAP in FY 2011 is $407,000. The 2010 Legislature appropriated an additional $150,000 for FY 2011 only. Beginning in FY 2012, annual base funding reverts back to $407,000. Current experience with the program indicates that that level of base funding will not be sufficient to cover the program's ongoing costs. (Current projections are that the program should be funded at $670,000 in FY 2011, $740,000 in FY 2012 and $815,000 in FY 2013 to cover estimated costs.)

## Key Goals and Measures

Percent of people in poverty who receive Food Support.

**Statutory Change:** M.S. chapter 256D.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | 333 | 408 | 408 | 408 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **333** | **408** | **408** | **408** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 47 | Children & Economic Support Grants | **333** | **408** | **408** | **408** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

## Change Item: CCSA for Vulnerable Children & Adults

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(10,000) | $(12,000) | $(12,000) | $(12,000) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(10,000) | $(12,000) | $(12,000) | $(12,000) |

### Recommendation

The Governor recommends that the Children and Community Services Act (CCSA) funds be reduced by $10 million in FY 2012 and $12 million in FY 2013 and that the remaining funds in the Act be targeted to serve core functions to support vulnerable children and adults. General fund savings of $22 million are generated for the 2012-2013 biennium.

### Rationale

This proposal focuses the Children and Community Services Act on core functions of child and adult protection assessment and services. Revisions to the Act will narrow the Act's policy, set state priorities, measure and report on performance, and target the fund to address the safety of children and adults who come to the attention of the county as a result of a report of maltreatment or who or are otherwise the responsibility of the county. Both family trauma and public costs can be reduced significantly when risk factors are addressed early and families receive the resources they need, with the primary goals being safety, assessment and the services needed to meet the needs of vulnerable children and adults.

In the 2003 session of the legislature, the Children and Community Services Act (CCSA) block grant was created. The grant was primarily child-related, flexible state and federal grants to counties that were consolidated into the grant after being cut by $25 million in the base. At the time, counties requested that the term "Community" be added as well as language permitting them to use some of the funds for adult services. Over time, however, counties have themselves shifted more and more of the funds toward children's services. The current General Fund base is $63.814 million per year, which is administered in combination with a statutory annual appropriation of approximately $32 million in federal Title XX Social Services Block Grant funds.

This proposal refocuses the use of the state funds on core public safety responsibilities, in protecting children and adults at risk of abuse and neglect. Revisions to the Act would continue to provide for performance monitoring and include formula factors based on need.

As a result of previous legislative actions to shift state obligations across state fiscal years, counties receive their entire current calendar year award for CCSA in July of each year. This means that cuts to CCSA in the first year of the biennium impacts the direct planning and budgeting of services provided by counties in their current calendar year.

**Statutory Change:** M.S. Chapter 256M

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (10,000) | (12,000) | (12,000) | (12,000) |
| **Total All Funds** | | | **(10,000)** | **(12,000)** | **(12,000)** | **(12,000)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 46 | **Children & Community Services Grants** | **(10,000)** | **(12,000)** | **(12,000)** | **(12,000)** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Reduce MFIP Consolidated Fund

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $0 | $0 | $0 | $0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | (14,000) | (14,000) | (14,000) | (14,000) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(14,000) | $(14,000) | $(14,000) | $(14,000) |

## Recommendation

The Governor recommends reducing the TANF appropriation to the Minnesota Family Investment Program (MFIP) Consolidated Fund by $28 million for the 2012-2013 biennium. This amounts to a 13.4% reduction to the base level of TANF funds available to this activity. This item functions together with the TANF Refinancing change item to create General Fund savings.

## Rationale

The consolidated fund was established in 2003, combining a number of support services grants and emergency assistance program funds, to support counties and tribes in providing services to families that receive MFIP/DWP under the federal Temporary Assistance for Needy Families (TANF) plan. Allowable uses of the fund are included in Minnesota Statutes, section 256J.626. Funds may be used to serve families with a minor child, a pregnant woman, or a noncustodial parent of a minor child receiving assistance, with incomes below 200% for the federal poverty guideline for a family of the applicable size.

Allowable uses include but are not limited to: employment services and work supports, emergency help with short-term nonrecurring shelter and utility needs, transportation needed to participate in work or approved work activities and county administrative costs of staff to deliver employment services, and work supports.

Funds are allocated to counties and tribes based on a formula that considers historic spending and caseload. This reduction would be spread across all 87 counties and tribal employment services. TANF funds would be reduced and refinanced to achieve the General Fund savings.

**Statutory Change:** Rider.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | | | | |
| Health Care Access Fund | | | | | | |
| TANF Fund | | | (14,000) | (14,000) | (14,000) | (14,000) |
| **Total All Funds** | | | **(14,000)** | **(14,000)** | **(14,000)** | **(14,000)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| TANF | 41 | **Support Services Grants** | **(14,000)** | **(14,000)** | **(14,000)** | **(14,000)** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(2,290) | $(2,260) | $(2,260) | $(2,260) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(2,290) | $(2,260) | $(2,260) | $(2,260) |

## Recommendation

The Governor recommends that the Emergency General Assistance (EGA) and Emergency Minnesota Supplemental Aid (EMSA) programs be combined and the annual allocation for the new program be reduced to $6.71 million in FY 2012 and $6.74 million in FY 2013, effective July 1, 2011. This will result in a General Fund savings of $4.55 million in the 2012-2013 biennium. Roughly 4,500 fewer people per year will receive emergency assistance benefits through the smaller combined program than if funding were to remain at base levels.

## Rationale

The combined emergency assistance program will be limited to single persons and childless couples under 200% of the federal poverty guidelines. The purpose of the combined program is to provide eligible recipients with help in paying for emergency needs such as rent, damage deposit and utilities; assistance will be available once in a 12 month period. Funds will be allocated to counties based on a formula adjusted to provide a $1,000 minimum allocation to smaller counties. Counties would be directed to develop fair and equitable rules for distribution of assistance suited to local needs and priorities.

Current base funding for EGA is $7.9 million per year and for EMSA is $1.1 million per year. In FY 2009, approximately 15,400 persons received EGA benefits and 2,075 persons received EMSA.

In FY 2010, appropriations were reduced one-time by $5.67 million for EGA and by $733,000 for EMSA. That reduced the number of persons who received benefits that year to approximately 5,500 (EGA) and 700 (EMSA).

**Statutory Change:** M.S. Chapter 256D

| DHS Fiscal Detail for Budget TrackingNet Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (2,290) | (2,260) | (2,260) | (2,260) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(2,290)** | **(2,260)** | **(2,260)** | **(2,260)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 23 | General Assistance Grants (EGA) | (1,200) | (1,160) | (1,160) | (1,160) |
| GF | 24 | MSA Grants (EMSA) | (1,100) | (1,100) | (1,100) | (1,100) |
| GF | 11 | Fin & Mgmt (MAXIS) | 10 | | | |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(3,355) | $(3,355) | $(3,355) | $(3,355) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(3,355) | $(3,355) | $(3,355) | $(3,355) |

## Recommendation

The Governor recommends the elimination of the state funded child support county incentive grants. This will result in a General Fund savings of $6.71 million in the 2012-2013 biennium. This proposal will reduce the financial support and incentives for counties to process child support cases.

## Rationale

This proposal eliminates all state grants to counties to offset child support administrative costs. Most of these grant funds are incentives and based on county performance in child support activities, with the remainder paid to counties to help with costs associated with implementation of child support guidelines.

Counties currently may earn five state appropriated incentive types, which are listed below, by completing child support case actions on PRISM, the state's computer system for child support enforcement.

- Establishment ($100 per case)
- Modification ($100 per case)
- Paternity ($100 per child)
- Medical Support ($50 per child on medical assistance)
- Public Assistance (allocation based on public assistance collections)

Counties earn 66% federal financial participation (FFP) on these state funds, so the total reduction to counties from this recommendation could be $9.87 million per year. Counties, however, could choose to continue funding this activity with county dollars and would then continue to earn FFP on their expenditures. Counties will continue to receive revenue from the child support cost recovery fee.

**Statutory Change:** M.S. 256.979, 518A.51

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (3,355) | (3,355) | (3,355) | (3,355) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(3,355)** | **(3,355)** | **(3,355)** | **(3,355)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 44 | Child Support Enforcement Grants | **(3,355)** | **(3,355)** | **(3,355)** | **(3,355)** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(3,900) | $(3,900) | $(3,900) | $(3,900) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(3,900) | $(3,900) | $(3,900) | $(3,900) |

## Recommendation

The Governor recommends ending the state Community Action Grants effective July 1, 2011. This results in a General Fund savings of $7.8 million for the 2012-2013 biennium. Loss of the Minnesota Community Action Grant will have varying results across the state. The state funding supports all programs within a community action agency. Loss of state funding does not jeopardize these agencies' federal funding. In 2009, community action agencies served more than 616,000 people and nearly 222,000 poor or low-income families. The full impact on the people served is difficult to project.

## Rationale

Minnesota Community Action Grants provide funding to a statewide network of 28 non-profit or public Community Action Agencies (CAAs) and 11 Tribal Governments which offer safety net supports and services that promote economic self-sufficiency to low-income families and individuals.

Minnesota's CAAs reach out to low-income individuals in their communities to address multiple needs through comprehensive approaches and partnerships with other community organizations.

Base funding for Community Action Grants is $3.9 million per year.

**Statutory Change:** M.S. 256E.30.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -3,900 | -3,900 | -3,900 | -3,900 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-3900** | **-3900** | **-3900** | **-3900** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 47 | Children & Economic Support Grants | -3,900 | -3,900 | -3,900 | -3,900 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(492) | $0 | $(492) | $0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(492) | $0 | $(492) | $0 |

## Recommendation

The Governor recommends eliminating state funding for the Family Assets for Independence in Minnesota (FAIM) program effective 7/1/11. This results in a General Fund savings of $492,000 in the 2012-2013 biennium. Each year roughly 1,100 people use this program to initiate savings and other improved financial management skills.

## Rationale

FAIM helps low-income people save money to buy homes, start business and further their education as well as strengthen their financial literacy. Every state FAIM dollar draws a federal dollar match, both are used to match savings of program participants. FAIM is part of the national network of Individual Development Account (IDA) providers. The combination of state and federal resources would have helped low income Minnesotans purchase approximately 150 houses, start 100 small business and 125 people would have gone back to school over the next biennium.

In 2009, 1,116 participants increased their savings and financial stability as a result of opening an Individual Development Account (IDA) or other savings account or adding funds to an existing account.

Funding for FAIM is a biennial appropriation with authority to expend funds in either year of the biennium.

**Statutory Change:** M.S. 256E.35

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (492) | - | (492) | - |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(492)** | **-** | **(492)** | **-** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 47 | Children & Economic Support Grants | **(492)** | **-** | **(492)** | **-** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(799) | $(5,956) | $(8,047) | $(8,004) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(799) | $(5,956) | $(8,047) | $(8,004) |

## Recommendation

The Governor recommends changes in the Child Care Assistance Programs (CCAP) to simplify the program, address program integrity and improve the quality of child care in unregulated child care settings. The net impact of these changes on the General Fund is a savings of $6.755 million in the 2012-2013 biennium.

## Rationale

This proposal makes changes to the Minnesota Family Investment Program/Transition Year (MFIP/TY) and Basic Sliding Fee (BSF) Child Care Assistance Programs that simplify the programs, address program integrity, improve quality of care in unregulated child care settings and reduce costs.

**Program Simplification**

These proposals reduce costs of the CCAP and help simplify administration for counties.

1. Eliminate payments to child care providers for non-standard hours and payments for activity fees effective September 2012.

   Under current law, 55 counties allow a non-standard hour differential which is greater than the standard hourly maximum rate for payments to licensed family and legal non-licensed (LNL) providers who provide services outside normal working hours. Activity fee payments are also allowed under the CCAP for all provider types. These policies are administratively burdensome for counties and not well understood by providers. Elimination would simplify the program and result in savings. Some families would be impacted by increased out of pocket costs, though costs should be minimal in most cases. It is estimated that approximately 65 average monthly MFIP/TY families will be impacted by this change and 90 families who receive BSF child care assistance.

2. Limit the time an adult family member who is not in an authorized activity may be temporarily absent from the home to 60 days, effective April 2012.

   Current policy allows a family member who is living away from the family's residence to be considered temporarily absent for an unlimited time period as long as the family indicates that the family member plans to return to the home. The absent family member continues to be counted in the family size and any income that family member receives is included when determining eligibility.

   If the absent family member has no income, they continue to be included in the family size, which could result in a lower copayment. Also, if an absent adult family member is considered temporarily absent there is no referral made for collection of child support payments on behalf of the family.

   This proposal would allow an absent adult family member who is participating in an authorized activity to continue to be counted as part of the CCAP family, but would remove other absent adult family members from the CCAP family after 60 days. This change will decrease the family size used when determining eligibility, and may result in a referral for child support. This supports CCAP program goals and simplification efforts and reduces the burden on counties to continue to verify the status of absent family members. It is estimated that approximately 10 average monthly MFIP/TY families will be impacted by this change and 9 families who receive BSF child care assistance.

3. Eliminate absent day payments for LNL family child care providers and limit absent day payments to ten days per calendar year for licensed providers and license-exempt centers with no exceptions effective January, 2013.

   Current policy allows all providers to be reimbursed for up to ten consecutive days or 25 days total per year, in addition to holidays, if their policy is to charge all families for absences. Exceptions may be granted to allow for unlimited absent days when a medical condition has been documented. This proposal would eliminate payments for absent days to non-licensed family providers. The proposal to limit absent day payments for licensed providers and license exempt centers could impact families who may be asked to pay for the absent days that are no longer reimbursed by CCAP. Child care providers could request payment from the parents for these days.

   This proposal simplifies county administration by eliminating the requirement to review and approve or deny documentation and requests for payment for absent days. This change could impact any family receiving child care assistance.

4. Prohibit payments that exceed daily/weekly maximum rates for centers and licensed family providers, and limit payments to LNL providers to no more than 50 hours per week at the maximum hourly rate or ten hours per day at the maximum hourly rate, effective April 2012. Under current law, providers can be paid for care based on the maximum weekly rate plus the maximum hourly rate for hours over 50 per week or care based on the maximum daily rate plus the maximum hourly rate for hours over ten per day. It is estimated that this change would impact approximately 410 average monthly MFIP/TY cases and 400 BSF cases.

**Program Integrity**
These proposals strengthen program integrity by restricting payments of CCAP in situations that may result in improper payments being made in the program.

1. Prohibit CCAP payments for child care provided by someone who resides in the same residence as the child(ren), effective March 2012. Many other states apply this restriction in payments for child care. The impact of this proposal would be on payments to legal non-licensed and licensed family providers who care for children with whom they reside. It is estimated that this change would impact approximately 100 average monthly MFIP/TY cases and 70 BSF cases.

2. Restrict CCAP payments for child care provided in the child(ren)'s home effective March 2012. Federal regulations require that states must allow for in-home care, but may establish limits on its use. This proposal would allow in-home care only in specific situations. Under current policy, payment for care provided in a child's home is not restricted. Under this proposal, CCAP payments for care in the child's home would be allowed only if: the parent's qualifying activity occurs during times when out-of-home care is not available, the family lives in an area where out-of-home care is not available or the child has verified illness or disability that creates risk or hardship in out-of-home care. It is estimated that this change would impact approximately 500 average monthly MFIP/TY cases and 400 BSF cases.

3. Limit CCAP payments to child care centers that: provide child care services, receive CCAP payments for children and employ either the parent of the child or a person who lives with the child effective January 2013. No savings are estimated for this change in policy. The department does not have data on how many families may be impacted by this change, however it is assumed that providers and families will have time to modify their arrangements before the policy is implemented so no savings could be realized.

**Quality Supports**
This proposal increases registration requirements for legal non-licensed (LNL) family child care providers, known as Family Friend and Neighbors (FFN).

Currently, FFN providers must pass a criminal background check and counties must inform FFN providers about health and safety resources. This proposal adds a requirement for FFN providers to complete First Aid and CPR training prior to approval for CCAP payments. In addition, upon renewal of a two-year registration period, an FFN

provider must provide verification of at least eight hours of additional training listed in the Minnesota Center for Professional Development Registry. Training content includes health, safety, nutrition and basic child development information.

The new training requirements would apply to newly registered FFN providers as of 11/1/2011 and would be phased in for existing FFN providers as they renew registrations beginning 1/1/2012. Existing providers would be notified by 10/1/2011 that registration renewals after 1/1/2012 require that the training requirement to be met. FFN providers will need to pay the costs of training. The requirement to attend and pay for training aligns with requirements for licensed providers. The training content and approvals for FFN providers are aligned with the process established for licensed providers but the number of required hours is about one-half as much. (Licensed providers must complete about eight hours annually.) This proposal equates to about eight hours every two years.

The impact of this policy change will be that some FFN providers will choose not to attend training and the family case closes, and others will switch to another FFN provider who is willing to attend training or to a licensed home or center-based option. It is estimated that approximately 1900 average monthly MFIP/TY families will be impacted by this change and 1600 families who receive BSF child care assistance. Counties will have increased documentation requirements when registering providers, but there will be fewer FFN providers to register. For new cases or new provider requests for parents choosing a non-licensed family provider, there may be a delay in authorization when the provider agrees to attend training but has not done so when the registration is submitted.

**Statutory Change:** Provisions in M.S. chapter 119B, including:
119B.13, Rule 3400- Subp. 012 and 013) eliminate non-standard hours and activity fee payments
119B.08, 119B.13 – Limit absent days
119B.125 increased provider registration requirements.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | (799) | (5,956) | (8,047) | (8,004) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(799)** | **(5,956)** | **(8,047)** | **(8,004)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 22 | **MFIP Child Care Assistance Grants** | **(554)** | **(3,270)** | **(4,396)** | **(4,360)** |
| 100 | 42 | **BSF Child Care Assistance Grants** | **(413)** | **(2,686)** | **(3,651)** | **(3,644)** |
| 100 | 11 | **Finance & Mgmt (MAXIS)** | **168** | **0** | **0** | **0** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(5,000) | $0 | $0 | $0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 5,000 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $0 | $0 | $0 | $0 |

## Recommendation

The Governor recommends reducing spending in the Child Care Assistance program by reducing funding for Basic Sliding Fee (BSF) child care assistance in state FY 2012 by the amount estimated to be underspent in calendar year 2010. This results in a one-time savings to the General Fund of $5 million in the 2012-2013 biennium.

## Rationale

The Basic Sliding Fee child care assistance program (BSF) serves families who are low-income (less than 67% of State Median Income), working and/or in school, and who do not receive benefits from the Minnesota Family Investment Program (MFIP). Counties receive BSF allocations for a calendar year, based on a capped appropriation comprised of state and federal dollars.

In calendar year 2010, DHS estimates that approximately $5 million of the allocation will remain unspent. Under current law, these funds are carried forward to the second year and added to the following year's county allocations. This proposal captures the unspent funds to provide General Fund savings. It is estimated that approximately 490 fewer families would be served through the BSF program under this proposal in 2012.

**Statutory Change:** Rider

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (5,000) | 0 | 0 | 0 |
| Health Care Access Fund | | | | | | |
| Other Fund - CCDF | | | 5,000 | | | |
| **Total All Funds** | | | **0** | **0** | **0** | **0** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 42 | BSF Child Care Assistance Grants-Underspending | (5,000) | 0 | 0 | 0 |
| DED | REV | BSF Child Care-CCDF Spending | 5,000 | 0 | 0 | 0 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Increase Child Support Cost Recovery Fee

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $31 | $0 | $0 | $0 |
| Revenues | 550 | 1,100 | 1,100 | 1,100 |
| Net Fiscal Impact | $(519) | $(1,100) | $(1,100) | $(1,100) |

## Recommendation

The Governor recommends that the child support cost recovery fee be doubled from 1% to 2% of applicable child support collections effective January 1, 2012. This results in a General Fund savings of $1.619 million in the 2012-2013 biennium.

## Rationale

Federal regulations permit states to recover costs incurred in excess of any fees collected to cover administrative costs under the IV-D State Plan. Under current Minnesota law, the state is able to deduct a 1% fee: from child support and maintenance collections sent to nonpublic assistance obligees who are applicants for services; from former assistance obligees who were referred to IV-D by public assistance agencies; and from obligors on nonpublic assistance cases who applied for services. The state share of fees collected is paid to the counties to support their program administration activities.

Under current law, this user fee is paid by the applicant for child support services. If the applicant is the obligee, the fee is subtracted from the total child support collected. If the applicant is the obligor, the fee is added to the total child support obligation.

In FY 2010, approximately $3.2 million was collected for the 1% fee. The federal government requires states to share child support program income with it; the federal government receives 66% of this revenue. The nonfederal share of the 2010 fees totaled $1.08 million and was retained and distributed to counties. Fees were collected on 76,000 child support cases, with an average annual fee of $42.11 per case. There is an annual limit to the amount collected per case which is updated each year and based on the average cost per case for the Minnesota Child Support Program. In calendar year 2011 the cap is $674/case.

Amending the law to increase the current 1% fee to 2% is estimated to provide new nonfederal share revenues of $1.1 million. This new revenue will provide General Fund savings through refinancing a reduction in current state costs of administering the program.

The total implementation cost for programming required to implement the change would be $9,000, of which the state share is approximately $31,000.

**Statutory Change:** M.S. 518A.51

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (519) | (1,100) | (1,100) | (1,100) |
| **Total All Funds** | | | **(519)** | **(1,100)** | **(1,100)** | **(1,100)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 11 | Finance & Management | **(550)** | **(1,100)** | **(1,100)** | **(1,100)** |
| 100 | 11 | Finance & Management (PRISM) | **31** | **-** | **-** | **-** |
| 200 | 11 | Finance & Management (PRISM) | **550** | **1,100** | **1,100** | **1,100** |
| 200 | REV | Finance & Management Fee Revenues | **(550)** | **(1,100)** | **(1,100)** | **(1,100)** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $0 | $0 | $0 | $0 |
| Transfer In | 2,800 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Transfer Out | 2,800 | 0 | 0 | 0 |
| Net Fiscal Impact | $(2,800) | $0 | $0 | $0 |

## Recommendation

The Governor recommends eliminating the FY 2011 carry forward balance in the account used for Supplemental Security Income Interim Assistance Reimbursement (SSI-IAR) programs' advocacy and outreach efforts to help people access Supplemental Security Income (SSI). By canceling this balance to the General Fund, this results in a one-time General Fund savings of $2.8 million for the 2012-2013 biennium.

## Rationale

A balance of $2.8 million has accumulated in the account used to pay for advocacy and outreach services to people potentially eligible for SSI, a federally-funded program to help aged, blind or people with disabilities who have little or no income. This proposal would eliminate the balance. An estimated $3.5 million will still be available annually to pay for the advocacy and outreach services.

People receiving General Assistance are required to apply for other benefits such as SSI and to sign an Interim Assistance Agreement which allows the State to be repaid for state-funded assistance if they are approved for SSI. Reimbursements for state-funded assistance are deposited in the General Fund, except the Department is authorized to retain 35% of prior year recoveries for SSI advocacy and outreach services. Receipt and processing of all Interim Assistance reimbursements shifted from counties and was centralized at the State in 2006 resulting in an increase in recoveries.

**Statutory Change:** Rider.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -2,800 | | | |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | 0 | 0 | 0 |
| **Total All Funds** | | | **-2800** | **0** | **0** | **0** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | REV2 | Transfer 610 Fund Balance to Gen Fund | -2,800 | 0 | 0 | 0 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $0 | $0 | $0 | $0 |
| Revenues | 500 | 500 | 500 | 500 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $500 | $500 | $500 | $500 |

## Recommendation
The Governor recommends using existing state spending in the Child Care Assistance Program (CCAP) to leverage additional federal Food Stamp Employment and Training (FSET) program funds. This change allows the General Fund to realize a savings of $1 million in the 2012-2013 biennium.

## Rationale
The Federal Food Stamp Employment and Training program provides states with a 50% match for support services provided to eligible food support recipients. The federal FSET funding source requires a 50% state match of eligible expenditures.

In 2005, legislation was passed that required state spending in the MFIP Consolidated Fund of up to $4.8 million be used as match for federal FSET reimbursement. This provision was extended in the 2010 session and a provision passed requiring state spending in the Child Care Assistance Program (CCAP) also be used as match up to a specified amount. State child care funding is used to meet CCDF and TANF MOE requirements, so any funds used for FSET match would require that the lost MOE be backfilled by another source, such as the Working Family Credit.

This proposal would increase the amount of federal FSET match by $500,000 each year based on current state expenditures for child care recipients who also receive food support. The U.S. Department of Agriculture, Food and Nutrition Services would need to approve this match.

## Key Goals and Measures
Ensure appropriate stewardship of public funds.

**Statutory Change:** Rider

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (500) | (500) | (500) | (500) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(500)** | **(500)** | **(500)** | **(500)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 42 | **FSET Federal Revenue** | **(500)** | **(500)** | **(500)** | **(500)** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(14,020) | $(14,020) | $(14,020) | $(14,020) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 14,020 | 14,020 | 14,020 | 14,020 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $0 | $0 | $0 | $0 |

## Recommendation

The governor recommends refinancing general fund spending with federal Temporary Assistance for Needy Families (TANF) funds beginning in FY 2012 by transferring a corresponding amount of TANF funds to the Child Care Assistance program (CCAP). This results in a savings to the general fund of $28.04 million over the 2012-2013 biennium.

## Rationale

Federal law allows states to use up to 30% of TANF block grants to carry out a state program under the Child Care Development Block Grant Act and Title XX of the Social Security Act (Social Services Block Grant). This law allows a transfer of TANF funds to these programs, thus providing a means to refinance TANF. When refinancing is done to create general fund savings, additional state expenditures must be claimed in order to meet a maintenance of effort (MOE) requirement.

Federal TANF law requires that states maintain a certain level of non-federal spending on related activities. This is referred to as TANF maintenance of effort (MOE). Sources of MOE are limited by law and include expenditures on Minnesota Family Investment Program (MFIP) cash assistance, child care assistance, state and county administration, qualifying working family credit expenditures and several other smaller programs.

This proposal would decrease the general fund appropriation for MFIP/Transition Year (TY) child care assistance by $14 million beginning in FY 2012 to achieve general fund savings. The proposal in turn increases the TANF transfer to the fund to offset the general fund reduction. A portion of child care general fund expenditures are claimed as a source of TANF MOE spending; therefore a reduction in state child care spending would need to be replaced by other eligible MOE spending. To meet TANF MOE requirements beginning in FY 2012, this proposal would amend state law to increase the allowed use of the Working Family Credit as a source of MOE spending by $14 million beginning in FY 2012. These are existing state expenditures. Federal CCDF law requires that states meet an MOE requirement and meet a match requirement to draw the maximum federal funds. Minnesota would continue to meet these federal requirements.

This refinancing proposal makes accounting changes that would not alter the forecasted nature of, nor eligibility criteria for, MFIP/TY child care assistance. Program recipients would not be affected by this change in financing.

**Note:** This refinancing also incorporates a $20,000 per year TANF reduction in the budget recommendations for the Minnesota Department of Health that results from merging funding for TANF evaluation and training for American Indian Tribes and local communities into one evaluation project and joint training.

**Statutory Change:** Rider

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | **(14,020)** | **(14,020)** | **(14,020)** | **(14,020)** |
| Health Care Access Fund | | | | | | |
| Other Fund - TANF | | | **14,020** | **14,020** | **14,020** | **14,020** |
| **Total All Funds** | | | **0** | **0** | **0** | **0** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 22 | MFIP/TY Child Care Assistance Grants | (14,020) | (14,020) | (14,020) | (14,020) |
| TANF | 91 | Refinance Child Care with TANF | 14,020 | 14,020 | 14,020 | 14,020 |
| DED | Rev | Transfer from TANF to MFIP/TY Child Care Assistance Grants | (14,020) | (14,020) | (14,020) | (14,020) |
| DED | Exp | MFIP/TY Child Care Assistance Grants (TANF Transfer) | 14,020 | 14,020 | 14,020 | 14,020 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Eliminate Delayed 1% DD Waiver Acuity

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(4,481) | $(4,481) | $(4,481) | $(4,481) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(4,481) | $(4,481) | $(4,481) | $(4,481) |

## Recommendation

The Governor recommends eliminating the one percent Developmental Disability (DD) waiver acuity increase payment that current law delays from January 1, 2009, until July 1, 2011. Eliminating this amount from the ongoing waiver forecast base results in a general fund savings of $8.962 million for the 2012 – 2013 biennium and each subsequent biennium. Eliminating this one percent acuity factor will limit the counties' ability to manage the changing needs of individuals receiving services through the DD waiver.

## Rationale

Each year on January 1, a 1% acuity factor is added to the DD waiver allocation for each county to help address the evolving needs of individuals on their existing DD waiver caseloads. Under this proposal, the payment that current law suspends until FY 2012 will not be made, or included in the base allocation. Without this acuity factor, it will be more difficult for counties to be responsive to the ongoing changing needs of the DD waiver recipients. However, counties have adjusted their budgets to accommodate the delay of this acuity factor and counties will continue to receive the ongoing annual 1% acuity factor on January 1 of each year, including January 1, 2011.

**Statutory Change:** Amend Laws of Minn. 2010, 1st Spec Session, Ch1, Art 15, sec. 3, subd. 6.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (4,481) | (4,481) | (4,481) | (4,481) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(4,481)** | **(4,481)** | **(4,481)** | **(4,481)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 LF | **MA Grants - Waivers** | (4,481) | (4,481) | (4,481) | (4,481) |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(3,600) | $(3,600) | $0 | $0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(3,600) | $(3,600) | $0 | $0 |

## Recommendation

The Governor recommends a two-year continuation of a $3.6 million per year reduction to Community Service/Community Services Development (CS/SD) grants for FY 2012 and FY 2013. This results in a one-time general fund savings of $7.2 million in the 2012-2013 biennium. The Governor also recommends that CS/SD grants awarded in FY 2012 and FY 2013 not be allowed to be used for new construction or building renovation.

## Rationale

This reduction is recommended as part of a package of broad-based budget reductions to resolve the existing state deficit. A similar one-time reduction was enacted by the 2010 Legislature.

In 2001, the Legislature passed a set of reforms aimed at rebalancing the state's long-term care system from nursing facilities to home to community-based service options. A major goal of these reform efforts was to increase the availability and adequacy of services to support older adults, and their family caregivers, in their own homes. The CS/SD Grant Program was created to promote the development of these services in communities across the state and to initiate innovative service models.

In the 2008-09 biennium, prior to the reductions DHS awarded a total of 65 CS/SD grants. In the current 2010-11 biennium, where funding has been significantly reduced, DHS awarded a total of 32 grants.

**Statutory Change:** Rider

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (3,600) | (3,600) | - | - |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(3,600)** | **(3,600)** | **-** | **-** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 53 | CS/SD grants | (3,600) | (3,600) | - | - |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (12,312) | (13,826) | (13,949) | (13,779) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | (12,312) | (13,826) | (13,949) | (13,779) |

## Recommendation

The Governor recommends a variety of actions to reduce expenditures for the Elderly Waiver (EW) and Alternative Care (AC) programs as proposed below. The combined effect of these actions is a General Fund savings of $26.138 million over the 2012-2013 biennium.

These recommendations, which reduce expenditures for lowest need participants and expand the definition of Case Mix L as well as reduce spending in Customized Living (CL) and 24 hour Customized Living (24 CL), are discussed in detail below. The recommendations will position the state well in transitioning to the new Level of Care criteria for eligibility for Medicaid long-term care services in 2014. Some individuals on the EW and AC programs may be impacted by multiple elements within this proposal. The numbers of individuals impacted by each element are also outlined below.

**A. Reduce payments for the most independent/lowest need individuals**

1) **Definition of Low Need:** An individual is currently classified as having the lowest need under Case Mix L, assigned if the person has no behavioral, cognitive or clinical monitoring needs, and has no dependency or only one dependency in Activities in Daily Living ( ADLs) (excluding toileting, transferring or positioning). This proposal would expand the current criteria for Case Mix L to include individuals with up to 2 ADLs.
   - For the Alternative Care program, which currently has a Case Mix L community budget cap of $593 per month, this change would affect approximately 60 individuals.

2) **Reduce Community Budgets for Low Need EW Individuals:** In EW (and AC), case mix classification is used to establish an individual's monthly community budget amount, which varies by case mix. Currently, the community budget for Case Mix L is the same as that for Case Mix A in EW. This proposal would establish a new case mix budget cap under EW for individuals classified as "L" by reducing the budget cap from approximately $2,200 per month to $1,750 per month.
   - The community budgets for 436 individuals (7.5% of the Case Mix L population) would be lowered.

**B. Reduce spending in Customized Living (CL) and 24 hour Customized Living (24 CL)**

1) **Reduce the service rate limit for Customized Living (CL) service for Case Mix L:** Case mix classification is also used to establish the service rate limits for CL and 24 CL. Currently, the service rate limits are the same for Case Mix A individuals and Case Mix L individuals. This proposal would create a new, lower Case Mix L service rate limit for CL.
   - The service rate limits for 233 individuals (3.2% of the CL service population) will be impacted.

2) **Reduce rates for component services included under customized living (CL) and 24 hour customized living (24 CL) services.**
   This reduction reflects economies of scale that can be expected from staff delivering services to multiple individuals in housing with services settings in comparison to delivering similar services to individuals in scattered locations, as well as the less medicalized nature of specific component services. The commissioner is instructed to reduce current component service rate payments by 10%.
   - This is a provider rate reduction.
   - 415 people are expected to enter nursing facilities from housing with services settings as a result of this reduction.

3) **Increase criteria for 24 hour Customized Living (24 CL) to better direct this highest cost service to the highest need people.**

Minnesota Statutes, section 256B.0915 includes criteria related to eligibility for 24 hour Customized Living (24 CL) under the Elderly Waiver program. Current criteria[1] includes a dependency in at least 2 ADLs, plus a need for medication management and at least 50 hours per month of planned component services available under the CL/24 CL service definition

This proposal will change the criteria to ***require a dependency in at least 3 ADLs*** plus a need for medication management and at least 50 hours per month of planned component services (ADLs include bathing, dressing, grooming, walking, or eating when the need exceeds meal preparation, which is not considered an ADL).

Other criteria remain the same. In addition, under this proposal, individuals classified as Case Mix L would no longer be eligible for 24 CL.

Individuals who no longer qualify for 24 CL will be able to access CL services. These individuals' current providers are eligible to continue providing CL services to these individuals.

- 34 individuals (0.36% of the 24 CL service population) will be impacted by this change.

**4) Reduce waiver spending in Customized Living (CL) and 24 hour Customized Living (24 CL) by auditing the rate-setting tool to achieve greater program integrity.**

This proposal is based on the evaluation of nearly 6,000 electronic CL/24 CL rate-setting tools submitted by lead agencies to DHS. Evaluation of the data in the workbooks suggests that savings can be generated by auditing CL component service plans and rates to ensure that non-allowable component services included in individual plans are not included in the bundled rate. Savings estimates are based on 1% of an estimated $200 million annual spending on this service. Examples of program integrity changes are:

- Auditing "delegated other" service fields in the rates tool that have been used to include non-allowable component services
- Establishing parameters for maximum allowable units of component service(s)
- Clarifying and enforcing current Medicare maximization policy

Funding for 1 FTE, required for EW auditing and policy implementation purposes, is included in the recommendation.

## Rationale

**Low-need individuals:** The individuals described by the criteria outlined above have very few or relatively lower needs for services, and budgets should reflect that lower need. Furthermore, individuals with needs described above overlap with the description of individuals whose needs will no longer meet nursing facility level of care criteria that is effective in 2014 and who will therefore be ineligible for AC or EW at that time.

**Customized Living Changes:**

Previous legislation related to Customized Living (CL) and 24 hour Customized Living (24 CL) service has focused on:

- Clarifying and limiting allowable component services
- Implementing a standardized rate setting method and tool
- Increasing criteria to access 24 CL.

Provider rate reductions have also been applied to this service, both as part of broader provider rate reductions in 2009 and as a targeted rate reduction to these specific services in 2010.

This service continues to be utilized by nearly 35% of all EW consumers and represents almost 60% of the spending. In order to manage both expenditures and growth in this service, this proposal will further reduce spending on CL and 24 CL under the EW program by reducing component rates, adjusting 24 CL criteria to direct this service to the highest need individuals, and eliminating duplication of payment for services covered by Medicare or Medicaid state plan.

**Statutory Change:** M.S. 256B.0913, subd. 4; M.S. 256B.0915, subd. 3a, 3e, 3h, 10 and budget implementation rider.

[1] As of January 1, 2011. Other 24 CL criteria include cognitive or behavioral needs, clinical monitoring needs, or a single dependency in toileting, transferring or positioning.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 12** | **FY 13** | **FY 14** | **FY 15** |
|---|---|---|---|---|---|---|
| General Fund | | | (12,312) | (13,826) | (13,949) | (13,779) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(12,312)** | **(13,826)** | **(13,949)** | **(13,779)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 LW | MA Waivers EW E&D | (14,814) | (21,259) | (22,845) | (23,507) |
| GF | 33 LW | MA Waivers LTC | (1,613) | (1,920) | (2,030) | (2,047) |
| GF | 33 LF | MA Grants LTC Facilities | 4,392 | 9,704 | 11,299 | 12,158 |
| GF | 34 | AC - Expand AC Cap | (348) | (417) | (439) | (449) |
| GF | 14 | Cont Care Admin | 110 | 101 | 101 | 101 |
| GF | REV1 | Admin FFP @ 35% | (39) | (35) | (35) | (35) |
| | | | | | | |
| FTEs Requested | | | | | | |
| GF | 14 | Auditor | 1.0 | 1.0 | 1.0 | 1.0 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(8,452) | $(8,915) | $(4,655) | $(188) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(8,452) | $(8,915) | $(4,655) | $(188) |

## Recommendation

The Governor recommends applying a reduction of 25% of the operating payment rates paid for the lowest case mix categories (PA1 and BC1) of the nursing facility case mix classification system. This will reduce rates paid by or on behalf of 4,000 nursing facility residents, while also positioning the State well to transition to the new Level of Care (LOC) criteria for eligibility for Medicaid long-term care services in 2014. It also represents sound policy, which is to provide a stronger incentive to divert the more independent elderly to the community settings. This proposal would result in a General Fund savings of $17.367 million over the 2012-2013 biennium.

## Rationale

In Minnesota, there are 36 case mix classifications. The case mix classification is assigned based on the results of an assessment called the Minimum Data Set ("MDS"). This proposal reduces the rates paid for those residents classified as a "PA1". This case mix classification falls under the general category "Reduced Physical Functioning". Residents classified in this domain do not require treatments or have a diagnosis specifically identified by the RUG classification system. Rather, the classification is determined based on how much assistance the resident needs with activities of daily living (ADLs). Residents with a PA1 classification are quite independent or can perform activities of daily living with minimal supervision.

A nursing facility resident is classified in the RUG classification BC1 if the federally mandated assessment was not completed and/or submitted more than seven days late. It is important to reduce the BC1 RUG class, the penalty classification, to avoid creating an incentive to submit late assessments in order to achieve a higher RUG payment rate. The proposal creates this incentive by making the BC1 RUG class payment equal to the lowest rate.

This recommendation positions the State well in transitioning to the new Level of Care (LOC) criteria for eligibility for Medicaid long-term care services in 2014. Of those nursing facility residents who would no longer qualify for nursing facility services under the new LOC, all were classified in the PA1 RUG group either at admission or upon re-evaluation of their eligibility at a significant change or first quarterly assessment following admission. Because this proposal affects the same people that will be affected by the LOC criteria that takes effect on January 1, 2014, the savings from this proposal applies only until that date.

Of all nursing facilities, 12.7% of Medicaid days are classified as PA1 and 0.17% as BC1. However, NFII (Boarding Care) facilities have a higher percentage of their days classified as PA1 (34%) and also have a higher percentage of their total days paid by Medicaid (67% vs. 57.8% for all facilities). As a result, this proposal will have a greater impact on the NFII facilities. NFII facilities are not Medicare certified, so all of their days are Medicaid, private pay, or other payment sources such as veteran's benefits or long-term care insurance.

The effect of this proposal on facilities' operating revenues ranges between zero and a reduction of 15.4%. Eighty percent of facilities will receive a reduction of less than 4%. Seventeen facilities will have rate reduction of 6% or greater, 51 between 4% and 6%, 150 between 2% and 4%, 156 between 0.1% and 2%, and six with no revenue loss.

This proposal does provide a disincentive for nursing facilities to serve lower acuity residents who may be better served in a community setting. It is sound policy to provide a stronger incentive to divert the more independent elderly to the community settings. The NFIIs clearly are serving a low acuity population. With perhaps the exception of those beds being used to serve the chronically mentally ill (where other alternatives must first be identified), it is also sound state policy to encourage the downsizing of the NFII industry. The NFIIs commonly

maintain a very high occupancy percentage with average length of stay typically exceeding the nursing facility average length of stay. For this reason, conversion of these residents may be difficult and diversion a more effective approach. Experts in the mental health field maintain there is an access issue for beds serving this population, and until community alternatives become available, we should proceed with caution in affecting the NFIIs currently serving the chronically mentally ill. However, most chronically mentally ill (CMI) residents are classified in the behavior domain of the case mix system. Therefore, the CMI facilities have a much lower percentage of their days classified as PA1 and would not be as greatly impacted by a rate reduction to this RUG group.

The recommendation provides funding for one FTE and grant funding. The FTE is to provide program administration to assist nursing facilities in transitioning low need residents back to the community. The grant funding is for the Senior Linkage Line to provide additional community transition support.

**Statutory Change:** M.S. 256B.441

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | (8,452) | (8,915) | (4,655) | (188) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(8,452)** | **(8,915)** | **(4,655)** | **(188)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 33 LF | NF payment reduction | (8,624) | (9,081) | (4,821) | (354) |
| 100 | 14 | 1 FTE for program administration | 111 | 101 | 101 | 101 |
| 100 | REV1 | Admin FFP @ 35% | (39) | (35) | (35) | (35) |
| 100 | 53 | Aging Grants | 100 | 100 | 100 | 100 |
| | | | | | | |
| FTEs Requested | | | | | | |
| 100 | 14 | CCA Program Admin | 1 | 1 | 1 | 1 |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (4,837) | (7,498) | (11,552) | (11,552) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | **(4,837)** | **(7,498)** | **(11,552)** | **(11,552)** |

## Recommendation

The Governor recommends reducing costs associated with the CADI, DD and TBI waiver programs by reducing the rates paid to congregate living settings for waiver recipients with lower needs residing there. To achieve savings in this proposal, the dollars available for services for individuals with lower needs living in congregate living arrangement will be reduced on average by 10% in FY 2012 and 2013, and 15% in FY 2014 and 2015. These reductions will be effective October 1, 2011 and will affect approximately 3,600 Home and Community Based Waiver recipients.

In addition, the Governor recommends a small amount of new funding for local planning grants to support alternative service development to: supplant the demand for congregate living settings, provide training and technical assistance to providers, and assist with person-centered planning activity.

This proposal results in a net General Fund savings of $12.185 million over the 2012-2013 biennium.

## Rationale

Minnesota relies heavily on congregate living settings such as corporate foster care and more recently, increasing use of customized living. Services provided in congregate living settings are generally more expensive than other options. While they are an important component of the service system, especially for people with higher needs requiring higher service levels, there are alternative methods of supporting people with disabilities. The recommendation is to reduce the cost of services for individuals identified as having lower needs that are currently living in corporate foster care or customized living settings, and support less costly service arrangements. This reduction may include a reduction or other modification in services received.

People who meet the defined target group are identified as having less intensive disability-related needs than other waiver recipients. Approximately 3,600 current waiver recipients are identified as having less intensive support needs, and living in congregate settings. For DD Waiver recipients, those individuals have limited needs for assistance with self care and no major behavior problems. For other disability waiver recipients, they have minimal needs in medication management, behavior management and instrumental activities of daily living (IADLs) such as meal preparation, laundry and shopping.

To support planning for service reduction or alternative service design, information and technical assistance will be provided to local agencies, training and technical assistance will be available to providers, and local planning grants will assist in finding solutions within the available level of resources. Additionally, there will be continued development of the following support options:

- Enhanced technology options – enhance and expand assistive technology currently available through the home and community-based service waivers to support recipients in more independent settings, and/or as a means for providers to utilize technology to reduce service costs where appropriate and with the informed choice of the recipient,
- Housing Access Services – implement service availability across the state and in all home and community-based service waivers to assist individuals in moving into homes of their own.

The proposal includes one FTE to develop and implement the rate changes and assist with the transition to new models of service. The proposal also includes administrative funding for:

- Provider training on person-centered in-home support options
- Technical assistance for providers in changing business models
- Disability Linkage Line to provide assistance to consumers

**Statutory Change:** M.S. 256B.092; M.S. 256B.49; and provisions in chapters 245A and 245B

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (4,837) | (7,498) | (11,552) | (11,552) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(4,837)** | **(7,498)** | **(11,552)** | **(11,552)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 LW | **MA Grants - waivers** | (5,382) | (8,073) | (11,964) | (11,964) |
| GF | 14 | **CCA - admin** | 450 | 500 | 250 | 250 |
| GF | 55 | **Disabilities grants** | 250 | 250 | 250 | 250 |
| GF | REV1 | **Admin FFP @ 35%** | (158) | (175) | (88) | (88) |
| GF | 11 | **MMIS** | **3** | | | |
| | | | | | | |
| FTEs Requested | | | | | | |
| GF | 14 | Develop and implement rate changes and transition | 1.00 | 1.00 | 1.00 | 1.00 |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(12,890) | $(32,873) | $(33,649) | $(19,369) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(12,890) | $(32,873) | $(33,649) | $(19,369) |

## Recommendation

The Governor recommends continuing growth limits for the Community Alternatives for Disabled Individuals (CADI), Developmental Disabilities (DD) and Traumatic Brain Injury (TBI) waivers in the Medical Assistance program for FY2012 and FY2013. The proposed growth limits will result in an estimated net General Fund savings of $45.763 million over the coming biennium. During the 2012-2013 biennium funding will be made available for up to 1,656 new individuals to access a waiver program, but approximately 225 individuals will be admitted to nursing facilities or intermediate care facilities for persons with developmental disabilities (ICF/MR) as a result of these waiver growth limits.

## Rationale

As of September 1, 2010, the number of individuals receiving services through each of the disability waivers was:

- 17,538 on CADI
- 15,233 on DD
- 1,638 on TBI

Effective July 1, 2011, this proposal limits growth in the following home and community-based waiver programs:

- Limit CADI waiver growth to 60 diversions and conversions per month through June 30, 2013.
- Limit DD waiver growth to six diversions per month through June 30, 2013.
- Limit TBI waiver growth to three diversions and conversions per month through June 30, 2013.

Any growth or the reuse of waiver dollars that result when individuals leave the waiver programs will be targeted to individuals meeting state home and community based services waiver priorities, as identified in Minnesota Statute sections 256B.092, subd. 12 and 256B.49, subd. 11a. An exception to limited allocations is permitted for the CADI and TBI waivers when there is an approved plan for nursing facility (as defined in Minnesota Statute 62A.46) bed closures for individuals under age 65 who require relocation due to the bed closure. (The limits for the DD waiver do not include ICF/MR conversions.)

The following table summarizes the growth limits that have been in place in the disability waivers since 2004:

**Growth Limits Established on HCBS Waivers**
(Monthly Avg.)

| | | | | | | | | | RECOMMENDED | |
|---|---|---|---|---|---|---|---|---|---|---|
| Waiver | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | 2010 | 2011 | **2012** | **2013** |
| **CADI** [1]: Community Alternatives for Disabled Individuals | 95 | 95 | 95 | 95 | 125 | 125 | 95 | 60 | **60** | **60** |
| **DD** [2] Developmental Disability | 4.17 | 4.17 | 4.17 | 4.17 | 25 | 25 | 15 | 6 | **6** | **6** |
| **TBI** [1] Traumatic Brain Injury | 12.5 | 12.5 | 12.5 | 12.5 | 16.7 | 16.7 | 12.5 | 6 | **3** | **3** |

*1 Limits are based on a state fiscal year.*
*2 Limits are based on a calendar fiscal year.*

**Statutory Change:** Rider

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (12,890) | (32,873) | (33,649) | (19,369) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(12,890)** | **(32,873)** | **(33,649)** | **(19,369)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 LW | MA LTC Waivers | (17,274) | (47,201) | (49,981) | (28,009) |
| GF | 33 LF | MA-Nursing Facilities | 1,090 | 5,789 | 7,582 | 3,772 |
| GF | 33 LW | MA/Home Care | 3,294 | 8,539 | 8,750 | 4,868 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(238) | $(1,001) | $(3,580) | $(9,688) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(238) | $(1,001) | $(3,580) | $(9,688) |

## Recommendation

The Governor recommends managing the growth in Elderly Waiver (EW) expenditures by removing an automatic annual adjustment to EW monthly case mix caps. This approach results in an estimated general fund savings of $1.239 million over the 2012-2013 biennium. The EW program is projected to serve 30,323 people in FY11 through both managed care and fee-for-service arrangements. The individual budget caps for all EW recipients will be affected by this proposal.

## Rationale

The monthly limit for the cost of EW services is based on a client's acuity level (case mix) up to a maximum limit (case mix cap). Under current law, that limit is increased annually by the greater of any legislatively adopted home and community-based service percentage rate increase or the average statewide percentage increase in nursing facility payment rates. As a result, nursing facility rate increases due to rebasing, planned closure rate increases, and nursing facility surcharge increases may all result in automatic increases in the Elderly Waiver limit to include costs that have no relationship to service costs.

Under this recommendation, effective July 1, 2011, the Elderly Waiver monthly case mix caps would only be adjusted when there is a legislatively-adopted home and community-based services percentage rate adjustment.

**Statutory Change:** M.S. 256B.0915

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (238) | (1,001) | (3,580) | (9,688) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(238)** | **(1,001)** | **(3,580)** | **(9,688)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | MA Basic Health Care E&D | **(212)** | **(892)** | **(3,190)** | **(8,676)** |
| GF | 33 LW | MA LTC Waivers and Home Care | **(26)** | **(109)** | **(390)** | **(1,012)** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(67,705) | $(76,866) | $(81,135) | $(87,943) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(67,705) | $(76,866) | $(81,135) | $(87,943) |

## Recommendation

The Governor recommends a 4.5% rate reduction to funding for home and community-based long-term care providers and a 4.5% base level reduction to aging and other Continuing Care grants. The Governor also recommends a 2% reduction in nursing facility rates. These proposed reductions result in an estimated General Fund savings of $144.604 million over the 2012-2013 biennium.

## Rationale

Over 350,000 Minnesotans who are elderly or disabled receive some type of assistance from Continuing Care (CC) Medical Assistance-enrolled providers or from state-funded grants to service agencies. These CC providers deliver safety net long-term supportive care in people's homes, communities and residential settings. Grant funding provides a wide array of supports that help people to live more independently.

In the 2010 session, the legislature authorized a 5% rate reduction for customized living services only. Other providers and grants were not subject to the rate reduction in 2010. In 2009, almost all CC providers and non-forecasted grants received a 2.58% reduction, effective July 1, 2009, with the exception of nursing facilities. The providers and grants that received these payment decreases include:

- home and community-based waiver services providers;
- alternative care service providers for elderly persons at risk of nursing home placement;
- intermediate care facilities (ICF/MR) and day training and habilitation settings serving people with developmental disabilities;
- home health agencies, personal care assistance, and private duty nursing;
- consumer support grants;
- semi-independent living skills grants (SILS);
- aging grants;
- information and assistance grants;
- community service/service development grants; and
- family support grants.

Provider rates associated with the above services and grant funding would all receive reductions under this proposal. The reductions proposed for home and community-based provider rates and grants are 4.5% effective July 1, 2011. The 2% reduction to nursing facility rates is also effective July 1, 2011. While EW managed care capitation rates do not change until January 1, 2012, the annualized effect of the rate change will be accounted for when the 2012 EW capitation rate is determined.

Reductions to therapy services, children and adult mental health services and grants, deaf services, HIV/AIDS grants, therapies, EW customized living, and chemical health services are not included in this proposal.

Additional information on Continuing Care and other provider rate changes can be found on the following link.
http://www.dhs.state.mn.us/ dhs16_138858

This recommendation includes administrative funding for the department to secure an outside contractor to evaluate the effect of the rate reductions on recipients' ability to access Medical Assistance (MA) long-term care services. Continuing Care providers have not received a rate increase since FY 2009. These proposed reductions are expected to stress provider networks and some providers may leave the MA program as a result. The department is required by federal law to ensure that there continues to be reasonable access to services for MA recipients. Therefore, the department plans to evaluate the impacts of the proposed reductions and to report to the legislature on the effects of rate reductions on the access to LTC services.

**Statutory Change:** M.S. 256B.5012 and uncodified language

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (67,705) | (76,866) | (81,135) | (87,943) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(67,705)** | **(76,866)** | **(81,135)** | **(87,943)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 33 LW | **MA LTC Waivers** | (50,273) | (58,851) | (63,072) | (69,041) |
| 100 | 33 LF | **MA LTC Facilities-NF** | (6,840) | (7,203) | (7,076) | (6,852) |
| 100 | 33 LF | **Other MA LTC Facilities** | (3,461) | (3,756) | (3,723) | (3,689) |
| 100 | 33 ED | **MA Basic E & D** | (9,230) | (10,943) | (11,789) | (12,322) |
| 100 | 33 FC | **MA Basic F & C** | (16) | (17) | (17) | (17) |
| 100 | 34 | **Alternative Care** | (1,295) | (1,486) | (1,527) | (1,555) |
| 100 | 55 | **Disabilities Grants** | (1,364) | (1,540) | (1,670) | (1,728) |
| 100 | 53 | **Aging and Adult Srv Grants** | (922) | (1,012) | (1,013) | (1,013) |
| 100 | 14 | **admin costs** | 200 | 200 | 200 | 200 |
| 100 | REV1 | **Admin FFP @ 35%** | (70) | (70) | (70) | (70) |
| 100 | 33 LW | **Interactive effects** | 1,834 | 3,443 | 4,017 | 3,591 |
| 100 | 33 LW | **Remove Customized Living from Reduction effects** | 3,732 | 4,369 | 4,605 | 4,553 |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(7,926) | $(8,883) | $(9,299) | $(9,558) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(7,926) | $(8,883) | $(9,299) | $(9,558) |

## Recommendation

The Governor recommends reducing or eliminating certain types of payments for nursing facilities that are distinct from the operating payment rate. The combined effect of these changes is a savings to the General Fund of $16.809 million over the 2012-2013 biennium.

## Rationale

The payment elements addressed are:

- New planned closure rate adjustments are eliminated.
- New single bed incentives are eliminated.
- Enhanced rates for the first 30 days are reduced from 20% to 10%. This will reduce payment rates for 4,600 admissions (8% of all admissions).
- Bed hold payments are reduced from 60% of the established rate to 30%, and the eligibility test is increased from 93% occupancy to 96%. This will result in about 800 incidents where beds will not be held for hospitalized residents and about 750 incidents where private pay residents will experience savings from the lower rate.
- Payments for single bed rooms for medical necessity are reduced from 11.5% to 5.5%. DHS does not project that this change will result in MA residents losing access to private rooms.

All changes are effective on July 1, 2011.

**Statutory Change:** M.S. 256B.431, subds. 2r., 32, and 42, M.S. 256B.437, and M.S. 256B.441

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | **(7,926)** | **(8,883)** | **(9,299)** | **(9,558)** |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(7,926)** | **(8,883)** | **(9,299)** | **(9,558)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 LF | **NF reductions to non-rate payments** | **(7,929)** | **(8,883)** | **(9,299)** | **(9,558)** |
| GF | 11 | **MMIS programming** | **3** | | | |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $11,629 | $12,486 | $12,315 | $11,943 |
| Revenues | 33,853 | 34,852 | 33,828 | 33,229 |
| Net Fiscal Impact | $(22,224) | $(22,366) | $(21,513) | $(21,286) |

## Recommendation

Effective July 1, 2011, the Governor recommends an increase of $635 per year per bed to the nursing home provider surcharge and an additional increase of $350 effective October 1, 2011. In addition, a rate increase for nursing facilities of $2.17 would be effective June 1, 2011, and another rate increase of $1.20 would be effective September 1, 2011. The rate increases also apply for 8,000 private pay residents of nursing facilities. Most facilities will collect sufficient funds from MA and private pay charges to fully cover the cost of the surcharge increase through payment rate increases.

Effective July 1, 2011, the Governor also recommends an increase of $2,825 per year per bed to the Intermediate Care Facilities for persons with developmental disabilities (ICF/MR) surcharge and an additional increase of $408 effective October 1, 2011. In addition, a rate increase for ICFs/MR of $8.36 would be effective June 1, 2011 and another rate increase of $1.20 would be effective September 1, 2011. The rate increases also apply to private pay residents of ICF/MR facilities (of which there are fewer than ten). Because most facilities have a high occupancy rate, most facilities will be fully paid back for the cost of the surcharge.

The net effect of the proposed changes is a general fund savings of $44.59 million over the 2012-2013 biennium.

## Rationale

The nursing home provider surcharge was legislatively enacted in 1991. Each non-state owned licensed nursing home was required to pay $500 annually per licensed bed to the state. The surcharge has been increased periodically over the years. In 2002, the surcharge was increased from $625 to $990 per licensed nursing home bed per year. The last increase occurred in 2003 when the surcharge was increased from $990 to $2,815 per bed. Currently, there are approximately 31,800 nursing facility beds.

The ICF/MR license surcharge was legislatively enacted in 2003 at $1,040 per year per bed. Each non-state facility is required to pay the surcharge. Currently, there are approximately 1,850 ICF/MR beds.

Under this proposal both surcharge increases provide revenues to the general fund:

- The facility pays the surcharge in monthly installments to the state.
- The revenues are deposited into the general fund as non-dedicated revenue.
- The MA payment rates to nursing homes and ICFs/MR are increased by a per diem amount and applied to MA and private pay residents. The adjustment is similar to the annual amount of the surcharge, allowing for some vacancies and Medicare days. The MA portion of the rate adjustment includes a federal match.
- The state receives federal financial participation (FFP) for legitimate MA expenditures up to what Medicare would theoretically pay. The Department of Human Services completes an “upper limit calculation” annually to determine the difference between the MA rate and this “Medicare upper payment limit” (UPL). This proposal is in compliance with this federal provision.

For nursing homes, the surcharge would be increased by $635 to $3,450 per bed effective July 1, 2011, and by $350 to $3,800, effective October 1, 2011. In addition, the proposal would increase the MA payment rate to nursing facilities by $2.17 per resident day, effective June 1, 2011 and by $1.20 effective September 1, 2011.

The ICF/MR surcharge would increase by $2,825 to $3,865 per bed effective July 1, 2011 and by $408 to $4,273 per bed, effective October 1, 2011. The per diem rate would increase by $8.36 per resident day, effective Jun 1, 2011, and by an additional $1.20, effective September 1, 2011.

**Statutory Change:** MS 256.9657, 256B.431, 256B.5012

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | (22,224) | (22,366) | (21,513) | (21,286) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(22,224)** | **(22,366)** | **(21,513)** | **(21,286)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| | | | | | | |
| GF | 33 LF | **NF Cost** | **8,898** | **9,728** | **9,620** | **9,248** |
| GF | REV | **NF surcharge** | **(28,186)** | **(29,130)** | **(28,235)** | **(27,636)** |
| GF | 33 LF | **ICF Cost** | **2,731** | **2,758** | **2,695** | **2,695** |
| GF | REV | **ICF Surcharge** | **(5,667)** | **(5,722)** | **(5,593)** | **(5,593)** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 72 | (1,216) | (2,656) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | 0 | 72 | (1,216) | (2,656) |

## Recommendation

Effective January 1, 2014, the Governor recommends implementing an increase to the premium and unearned income obligation cost sharing components of the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. While there is a $72,000 cost in the 2012-2013 biennium, these changes are expected to result in a General Fund savings of $3.872 million in the 2014-2015 biennium. Approximately 4,979 enrollees per month will be impacted by the premium increase and 7,262 enrollees per month will be impacted by the unearned income obligation increase.

The Governor also recommends making related policy changes in state law to support employment of people with disabilities, removing barriers that prevent Minnesotans with disabilities from integrating into the workforce through changes to a Disability Linkage Line section of state statute, and a report to examine employment outcomes.

## Rationale

The State of Minnesota, as part of a nationwide effort to remove barriers to community living for people with disabilities, is committed to:

1) Encouraging all working age people with disabilities to be competitively employed; and
2) Removing barriers that prohibit Minnesotans with disabilities from integrating into the workforce.

Since 2001, Minnesota has leveraged federal Medicaid Infrastructure Grant funds to decrease barriers to employment and improve employment outcomes of Minnesotans with disabilities. Minnesota's grant, Pathways to Employment, has provided policy and program support to the Medicaid Buy-In Program (MA-EPD), developed policies that focus on employment in community integration and consumer-directed initiatives, and worked within DHS and with partner agencies to generate ongoing support of employment of people with disabilities. The federal grant funding for Pathways to Employment ends in December, 2011.

This recommendation recognizes that the State of Minnesota has the opportunity to integrate the expectation of employment into current transformational activities. DHS can provide person-centered resources and tools to decrease barriers so that people with disabilities receive the health care and services they need to live in the community, enjoy life and are well informed about their employment options.

**Discussion of Recommendation:**

**I. MA-EPD Cost Share Increases**

The MA-EPD program was implemented in 1999 with predominantly manual processing of many of the legislated eligibility functions, such as premium billing and collection, late payment plans and notification to enrollees nearing age 65. Since 1999, operational and administrative costs for the MA-EPD program have been supported by federal Medicaid Infrastructure Grant (MIG) funds from the Centers for Medicare and Medicaid Services. This grant funding is scheduled to end December 31, 2011. One FTE is recommended to complete MA-EPD administrative functions beginning in FY 2013 when federal MIG funding is no longer available.

Since 2004, no changes have been made to the premium structure or unearned income obligation for MA-EPD enrollees though the cost of care continues to increase. The implementation of a $35 minimum premium in January of 2004 resulted in a slight increase in the average monthly earned income of MA-EPD enrollees ($487 in 2003; $510 in 2004). It is anticipated that a further increase in cost sharing may provide an incentive for MA-EPD enrollees to work more.

**A. Premium.**

**i.** Change: Increase the minimum monthly premium required for MA-EPD enrollees. Current: $35 minimum; Proposed: $65.

**ii.** Impact: All enrollees (est. 7,200 in October 2010) are required to pay a premium. Increasing the minimum monthly premium to $65 would generate increased revenue of an estimated $235,830 in FY 2014 (6 mo.) and $471,660 annually beginning in FY 2015. These estimates represent the state share only, calculated at 50% of generated revenue.

**B. Unearned Income Obligation (UIO).**

**i.** Change: Increase the unearned income obligation. Current: .5%; Proposed: 5.0%

**ii.** Impact: As of October 2010, half of all enrollees (50% or approximately 3,630 enrollees) had unearned income above $1,000 per month. Almost all enrollees (95%, or approximately 6,910 enrollees) are enrolled in SSDI and receive income supports. Increasing the UIO to 5.0% would generate increased revenue of an estimated $1.1 million in FY 2014 (6 mo.) and $2.2 million annually beginning in FY 2015. These estimates represent the state share only, calculated at 50% of generated revenue.

Neither of these recommended changes can be implemented prior to January 1, 2014 due to Medicaid maintenance of effort provisions in federal law (Pub.L. 111-148, Pub.L. 111-152).

**II. Making Work Part of the Plan – Benefits Planning System**

Disability Benefits 101 (DB101) is an employment planning tool which exists within the Disability Linkage Line (DLL) and offers real time access to benefits planning via phone, online, email or in person. DB101 is a fast, efficient way for people receiving disability benefits (and those who serve them) to learn how work may impact benefits, set employment goals, connect to help, and create plans to increase their independence and income through employment.

**A. DLL Policy changes.** MIG funds have been used to support the development of DB101 as an integrated function of the statewide information assistance system. DLL staff provides assistance and help center support to DB101 users and train professionals on its use. Recommended changes are to:

**i.** Add benefits planning system language to DLL statute

**ii.** Add DB101 technical assistance and help center functions to DLL statute

**III. Getting Good Data**

DHS will be required to submit a report by December 15, 2012 to the legislature. DHS is required to consult with four other state agencies (DEED, DLI, MDE, and DOR) to create a report that identifies data measures that show employment and workforce outcomes for people with disabilities, including the impact of increased employment outcomes on public programs and service utilization. Consideration must be given to improved access to employment services and supports; use of stay at work and return to work interventions to prevent or reduce lost wages; employment services provided within existing grant models and which employment support grant models, if any, are appropriate; among others.

**IV. Updating statute**

**A. Medical Assistance for Employed Persons with Disabilities (MA-EPD).** Since its implementation in 1999, there have been numerous changes to MA-EPD statute. As the statute has been amended, many effective dates and paragraphs have been added or changed which has led to confusion in interpretation. Technical changes are recommended that will:

**i.** Remove effective dates

**ii.** Renumber statutes to be in order

**iii.** Remove outdated language

**Disability Linkage Line (DLL).** A technical change is recommended that will insert DLL into M.S. 256B.0911 subd. 3, paragraph a, to create consistency across M.S. 256B.0911, the long-term care service consultation statute.

**Statutory Change:** M.S. 256B.057, 256B.056, 256B.0911, 256.01

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | 0 | 72 | (1,216) | (2,656) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **0** | **72** | **(1,216)** | **(2,656)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 FC | **Medical Assistance Grants- Families with Children Basic Care** | 0 | 0 | (1,361) | (2,722) |
| GF | 11 | **MAXIS systems costs** | 0 | 0 | 41 | 0 |
| GF | 11 | **MMIS** | 0 | 0 | 38 | 0 |
| GF | 14 | **MA- EPD Admin** | | 110 | 101 | 101 |
| GF | REV1 | **Admin FFP @ 35%** | | (38) | (35) | (35) |
| | | | | | | |
| FTEs Requested | | | | | | |
| 100 | 14 | 1 FTE for MA-EPD admin | 0 | 1.00 | 1.00 | 1.00 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $134 | $120 | $120 | $120 |
| Revenues | 100 | 125 | 150 | 150 |
| Net Fiscal Impact | $34 | $(5) | $(30) | $(30) |

## Recommendation

The Governor recommends that the Department of Human Services (DHS) implement federal program integrity audits and be granted authority to retain the contingency state share from recoveries in order to implement a contract with a vendor for the audits. This proposal has a net cost of $29,000 over the 2012-2013 biennium, and projects savings in the following biennium.

## Rationale

The Deficit Reduction Act of 2005 established the Medicaid Integrity Program (MIP). The 2010 Patient Protection and Affordable Care Act (ACA) extends the Recovery Audit Contractor (RAC) program to Medicaid. This recommendation includes funding for two FTEs that DHS requires to meet the responsibilities of these two new ongoing federal audits, as well as those of the Minnesota False Claims Act.

- The Medicaid Integrity Program (MIP) under the federal Deficit Recovery Act is intended to prevent and reduce provider fraud, waste, and abuse in the Medicaid Program. This will be accomplished by provider audits through CMS contracts to identify overpayments and by providing support to States to assist in their efforts to combat Medicaid provider fraud and abuse.
- The second audit program, the Recovery Audit Contract (RAC) comes under the federal ACA, whereby state Medicaid agencies are to contract on a contingency basis to conduct provider audits to recover overpayments and identify underpayments in the Medicaid Program.

In both audits, DHS staff will determine appropriate provider areas, ensure consistency with state provider rules and laws, monitor the field investigations, validate the investigations, reconcile proposed recoveries, manage court appeals, settlements, recoveries, and manage contingency contracts with RAC vendors. Because DHS is just beginning the MIP audits, and will initiate RAC at the end of CY 2011, this proposal incorporates an assumption of modest revenues from these activities.

The proposal gives DHS needed authority to retain sufficient funds from the state's share of recoveries to pay the contingent fees to RACs and other program integrity vendors.

Under current state procurement statute, a contract is not valid unless the accounting system shows an encumbrance for the amount of the contract liability. However, with contingency fee contracts it is not possible to encumber funds in advance because the contract amount is unknown until the contractor has recovered funds. This proposal will revise state law to ensure that the contingency based contracts will not conflict with procurement statute and accounting practices.

## Key Goals and Measures

**Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS) state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm

**Statutory Change:** MS § 256.01.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | 34 | -5 | -30 | -30 |
| **Total All Funds** | | | **34** | **-5** | **-30** | **-30** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | REV2 | **MA Recoveries** | **-100** | **-125** | **-150** | **-150** |
| GF | 13 | **Central Office** | **206** | **185** | **185** | **185** |
| GF | REV1 | **Admin FFP@ 35%** | **-72** | **-65** | **-65** | **-65** |
| FTEs Requested | | | | | | |
| GF | | | 2 | 2 | 2 | 2 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $31 | $89 | $89 | $89 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $31 | $89 | $89 | $89 |

## Recommendation

The Governor recommends that the Department of Human Services (DHS) be granted authority to create two new dental service provider types in the Medical Assistance (MA) program. The estimated general fund cost for expanding coverage to this new class of dental service providers is $120,000 over the 2012-2013 biennium.

## Rationale

During the 2009 legislative session, new midlevel dental providers were created in Minnesota Statute (Minn.Stat. secs. 150A.105 and 150A.106). The first of these new midlevel dental providers will be graduating in 2011. Under this proposal, the new dental therapists and advanced dental therapists will be able to render certain basic dental services to MA recipients that have traditionally been delivered only by a dentist. DHS needs authority to create provider types for these providers in order to accurately reimburse for services provided.

## Key Goals and Measures

**Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm

**Statutory Change:** MS § 256B.0625

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | 31 | 89 | 89 | 89 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **31** | **89** | **89** | **89** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 FC | **MA Grants** | **31** | **89** | **89** | **89** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $319 | $86 | $82 | $72 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $319 | $86 | $82 | $72 |

## Recommendation

The Governor recommends new funding of $405,000 in the 2012-2013 biennium and $154,000 in the 2014-2015 biennium, for the development, implementation and ongoing administration of a Medicaid electronic health record (EHR) incentive program in Minnesota. These monies will be used as the 10% state match to federal funding that has been provided to support state administration of EHR incentive payments to eligible health care professionals and hospitals.

## Rationale

The Medicaid EHR incentive program provides eligible providers, eligible hospitals and eligible Critical Access Hospitals with federal incentive funds to encourage their adoption and meaningful use of electronic health record (EHR) technology. The financial incentives are 100% federally-funded. DHS as the state Medicaid agency must develop, implement and administer the EHR incentive payments to eligible Medicaid providers in Minnesota. DHS administration and implementation costs associated with this program are funded at 90% federal match.

Per CMS' guidelines, the state match will be combined with federal funding of this program and used to:

- ensure the proper payment of incentives payments to eligible providers, eligible hospitals and eligible Critical Access Hospitals, including the tracking of meaningful use of certified EHR technology by Medicaid providers;
- conduct adequate oversight of the incentive payments, including auditing and monitoring of payments; and
- investigate initiatives to encourage adoption of certified EHR technology to promote health care quality and the exchange of health care information under Medicaid, while ensuring privacy and security of data.

This program is funded under the federal American Recovery and Reinvestment Act (ARRA) through the Health Information Technology for Clinical Health (HITECH) Act. HITECH seeks to improve patient care and reduce cost by promoting a patient-centric model through the creation of a secure, interoperable nationwide health information network. A key premise is that information should follow the patient, and artificial obstacles (e.g. technical, bureaucratic, or business-related) should not be a barrier to the seamless exchange of information. When secure information exchange through certified EHR technology occurs across institutional and business boundaries, the appropriate information can be available to improve coordination, efficiency, and quality at the point of care. To support these goals federal EHR incentive payments are available to Minnesota's Medicare and Medicaid eligible providers and hospitals to adopt, implement and meaningfully use EHR technology. The Medicare EHR incentive program is administered by the federal Centers for Medicare and Medicaid Services (CMS).

Developing Minnesota's Medicaid EHR incentives program is part of a broader set of ARRA and HITECH grants received in Minnesota (e.g. the Health Information Exchange grant received by the Minnesota Department of Health, and the Regional Extension Center grant received by a partnership of agencies: Stratis Health, College of St. Scholastica and the Rural Health Resource Center, and others) designed to encourage adoption of certified EHR technology to promote health care quality and the exchange of health care information, while ensuring privacy and security of data.

Successful development and implementation of the Medicaid EHR incentive program requires 2.25 additional permanent FTEs, as well as up to two temporary FTEs. Funding for the needed FTEs is included in the proposal.

The Medicaid EHR incentive program supports the DHS priority of improving health care quality, access, outcomes and affordability for Minnesotans through the use of health information technology. It is also aligned with other DHS health information technology initiatives that focus on patient outcomes and cost efficiency such as pay-for-performance (P4P) for diabetes and cardiovascular care as well as several applications developed by

the Medicaid Transformation Grant Funding: Children's Mental Health Outcome Measures and automated authorization of services.

Further information on the Medicaid and Medicare EHR incentive programs can be found at:
www.cms.gov/EHRIncentivePrograms

## Key Goals and Measures

This program supports Minnesota's broader e-Health Initiative goal to accelerate the adoption and use of health information technology in order to improve health care quality, increase patient safety, reduce health care costs and improve public health. In support of these statewide goals, this program seeks to provide all eligible Medicaid providers, hospitals and Critical Access Hospitals with federal EHR incentive funds. In addition, DHS is committed to promoting the use of EHR technology beyond the care settings covered in this phase of the program. To achieve the benefits of coordinated, effective and efficient care, DHS must encourage the capacity of health information exchange across all care settings.

**Statutory Change:** Not Applicable

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | 319 | 86 | 82 | 72 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **319** | **86** | **82** | **72** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 11 | **Finance & Mgmt MMIS** | **319** | **86** | **82** | **72** |
| FTEs Requested | | | | | | |
| GF | | | 4.3 | 3.5 | 3.25 | 2.25 |

# Change Item: Leverage Federal Systems Funding

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $900 | $1,600 | $1,600 | $1,600 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $900 | $1,600 | $1,600 | $1,600 |

## Recommendation

The Governor requests $2.5 million in FY 2012-13 for the design, development and installation of a streamlined eligibility determination system that would interface and interact seamlessly with Minnesota's Health Insurance Exchange. This funding will provide the state match to federal funding that is available for this work.

Enhanced federal funding of 90% for the design, development and installation or enhancement of eligibility determination systems is available until December 31, 2015, and 75% enhanced federal funding is available for the infrastructure and operations of those systems thereafter. Funding for systems development will be used to develop a new eligibility determination system that builds upon our existing systems to improve customer service and program integrity and promote administrative simplification.

## Rationale

Minnesota's two primary health care programs for low-income individuals, Medical Assistance (MA) and MinnesotaCare, are currently processed using two different systems. MAXIS is the eligibility system that is used for MA, as well as for other assistance programs (e.g., cash assistance and food support). The Medicaid Management Information System (MMIS), Minnesota's system for paying health care claims, also stores eligibility information for MinnesotaCare.

MAXIS was intended to automatically perform the required income and asset calculations for MA. However, county caseworkers must often employ multiple manual work-arounds, called "fiats" to process MA applications. The use of fiats is driven by multiple factors, such as program complexity and legislative changes that cannot be implemented within the time between enactment and the effective date of the change. For MinnesotaCare, caseworkers at the counties and state must manually enter information into MMIS after completing off-line calculations.

The use of these multiple systems is generally difficult for caseworkers to manage given their already large workload and the overall complexity of the health care programs. The state needs to look at significant changes to the system capacity for health care eligibility to both support current operations and to prepare for the integration of public health care programs into a Health Insurance Exchange in 2014.

The Department's overall strategy for systems development includes transforming existing systems to support people-centered service delivery, applying reusable technology, focusing on systems that support DHS' mission, and aligning by the use of business/industry best practices to accomplish our mission. For an eligibility determination system, changes will build upon the current systems, rather than replacing them completely, since these systems contain functionality (e.g., claims payment, cash assistance and food support eligibility) that will need to be maintained into the future. The state will be using best practice technology to provide a more user-friendly front end to these systems for both applicants and case workers. Existing DHS rules management and rules engine technology will be leveraged to both improve the experience for applicants and recipients and support processing by caseworkers.

## Key Goals and Measures

Key goals are to shorten the time to incorporate eligibility changes into the systems, enhance customer service by improving application processing time, improve program integrity by leveraging existing rules engine technology, and permit seamless integration with the Health Insurance Exchange.

**Statutory Change:** Not Applicable

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | 900 | 1,600 | 1,600 | 1,600 |
| **Total All Funds** | | | 900 | 1,600 | 1,600 | 1,600 |
| **Budget Detail** | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 11 | Finance and Mgmt (MMIS) | 900 | 1,600 | 1,600 | 1,600 |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (18,522) | (72,006) | (79,136) | (79,448) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund: HCAF | | | | |
| Expenditures | (5,310) | (18,928) | (21,601) | (20,474) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | (23,832) | (90,934) | (100,737) | (99,922) |

## Recommendation

The Governor recommends a number of initiatives and reductions to reform the managed care delivery system for Minnesota Health Care Programs. This package of recommended reforms will reduce General Fund expenditures by $90.528 million and Health Care Access Fund expenditures by $24.238 million over the 2012-2013 biennium. The package includes the following elements. All are effective January 1, 2012.

- **Establish a clinical performance target for reducing hospital readmission rates that MCOs must meet to receive withheld payments.** Five percent of Minnesota Health Care Program capitation payments to MCOs (managed care organizations) are withheld each year. The withheld funds are returned the next year depending on whether the MCO meets specified performance measures. This proposal establishes a performance measure that requires hospitals to reduce the rate at which patients are readmitted to a hospital within 30 days of a previous admission by 5% per year until the readmission rate is reduced by 25% from the readmission rate in calendar year 2010.
- **Establish a competitive price bidding pilot project for managed care contracts for adults and children in the metro area.** This proposal requires DHS to enter into a competitive price bidding process to select managed care organizations to deliver services under the Medical Assistance (MA) and MinnesotaCare programs to adults and children in the seven-county metro area beginning January 1, 2012.
- **Reduce the maximum amount of capitation payments that managed care organizations can use for administrative expenses.** This proposal reduces the maximum amount of payments that MCOs can use to cover non-tax administrative expenses from 6.6% to 5.3%.
- **Reduce non-administrative payments to managed care organizations.** This proposal reduces non-administrative payments to managed care organizations by 2.75%.

## Rationale

Since 1985, Minnesota has used managed care arrangements to deliver health care and long-term care services to Minnesota Health Care Programs (MHCP) enrollees. Over time, the portion of MHCP enrollees in managed care has increased. As of June 2010, 535,800 persons (70% of total enrollees) were served by managed care contracts. DHS currently contracts with eight managed care organizations to serve MA and MinnesotaCare enrollees. Capitation payments in FY 2009 totaled $2.9 billion.[1]

### *Readmission Withhold*

The Governor proposes adding an additional measure to the managed care performance-based withhold: to reduce hospital readmissions by 5% per year over the next five years, or until a reduction of 25% is reached. Patients are readmitted to hospitals soon after a discharge because of medical complications, failure to obtain necessary home care services, patients' failure to understand or follow instructions, failure to take prescribed medications, and failure to keep follow up appointments. While many readmissions are outside the control of the providers or patients, some could be avoided with proper care management, patient education and coordination between hospitals and clinics.

In the current 2011 managed care contract, DHS has initiated a similar withhold measure to reduce the rate of Emergency Department (ED) visits. Nationally, Medicaid pays for three or four times the number of ED visits compared with commercial purchasers. This withhold measure reinforces that proper care management, patient education, and coordination between hospitals and clinics can reduce both the rates of ED visits and hospital readmissions.

### *Competitive Bidding*

DHS competitively procures contracts for managed care delivery with state-set managed care rates. MinnesotaCare contracts have been statewide since 1997. The last counties were added to Medical Assistance in

[1] This amount includes the portion of the capitation payments carved out for Medical Education and Research Costs (MERC).

2008. The managed care procurement schedule is on a five-year cycle which includes a group of counties each year. Managed care organizations (MCOs), which includes health maintenance organizations and county-based purchasing plans, bid for contracts to provide service to MHCP enrollees by county (i.e. service area) with county input in the procurement process. Bids are accepted if the MCO meets state and federal requirements (e.g. primary care networks, etc.). MCOs must also agree to accept the state-set capitation rates for each population and program.

The Governor recommends that DHS establish a competitive price bidding pilot in the seven-county metro to reduce overall costs of providing services to MHCP enrollees in managed care. The pilot would allow a minimum of two MCOs to bid on price to serve non-elderly, non-disabled adults and children in the metro counties for managed care contracts effective January 1, 2012. DHS will evaluate the pilot after two full years of this arrangement to determine whether competitive price bidding under managed care arrangements effectively reduces the overall cost to the state while providing high quality care, and improving care coordination and access to services for MHCP enrollees. DHS will continue to calculate state-set capitation rates for the populations under the pilot to determine cost-effectiveness.

***Administrative and Non-administrative Reductions***

*Administrative Expenditure Cap* – Since January 1, 2009, aggregate MCO administrative expenses have been limited to 6.6% plus provider taxes (1% premium tax + 0.6% MA surcharge) for a total of 8.2% in administrative expenses. Part of the impetus for this limit was a report on the *Financial Management of Health Care Programs* by the Office of the Legislative Auditor (OLA), which recommended increased oversight and limits to health plan administrative expenses.

The Governor proposes further reducing the limit on administrative expenses from 6.6% to 5.3% to lower managed care costs to the state and encourage MCOs to more efficiently administer services to MHCP enrollees.

*Non-Administrative Reduction* – Beginning September 1, 2010, a 3% reduction is applied MCO payments for non-administrative costs. The reduction is scheduled to sunset December 31, 2013. The legislature also passed permanent reductions to managed care payments in previous years that total 2.5% of total payments, excluding certain services.

The Governor proposes further reducing managed care payments applied to non-administrative costs excluding Elderly Waiver (EW) services. This proposal will lower overall managed care costs to the state and encourage MCOs to test innovative payment and service delivery reforms while providing more cost-effective, high-quality care to MHCP enrollees.

**Statutory Change:** M.S. 256B.69, 256L.11

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | -18,522 | -72,006 | -79,136 | -79,448 |
| Health Care Access Fund | | | -5,310 | -18,928 | -21,601 | -20,474 |
| **Total All Funds** | | | **-23,832** | **-90,934** | **-100,737** | **-99,922** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | MA Grants | -3,355 | -10,934 | -13,040 | -14,258 |
| GF | 33 FC | MA Grants | -12,932 | -43,082 | -52,022 | -62,354 |
| GF | 33 AD | MA Grants | -2,235 | -17,990 | -14,074 | -2,836 |
| HCAF | 31 | MinnesotaCare Grants | -5,310 | -18,928 | -21,601 | -20,474 |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(386) | $(888) | $(1,010) | $(1,203) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(386) | $(888) | $(1,010) | $(1,203) |

## Recommendation

The Governor recommends that an incentive program be created for hospitals to develop policies and quality programs to eliminate elective inductions of labor before 39 weeks gestation. This proposal also requires hospitals to report to the Department of Human Services (DHS) on all births covered in the Minnesota Health Care Programs (MHCP). When implemented, the program will result in an estimated General Fund savings of $1.274 million over the 2012-2013 biennium.

## Rationale

Childbirth induction rates have tripled nationally over the past 20 years. Elective inductions have been associated with many unintended consequences, including increased risk of acute and long-term complications for babies and a higher risk for complicated Cesarean deliveries. The American College of Obstetricians and Gynecologists (ACOG) has recommended that elective inductions not be performed before 39 weeks gestation. The state, through MHCP, pays for 38% of all births in Minnesota, and as one of the largest payers for childbirth services in the state, we have the opportunity to significantly improve the health of the next generation of Minnesotans, and to capture savings from reduced complications of electively induced delivery.

There is widespread agreement in the medical industry that elective inductions should not be performed prior to 39 weeks gestation. The Perinatal Practices Advisory Group (PPAG), an ad-hoc subgroup of the Health Services Advisory Council (HSAC), concluded that infants born before 39 weeks gestation are at greater risk for acute and long-term complications. PPAG made the following recommendations:

- hospitals develop policies that prohibit use of elective inductions and/or cervical ripening without medical indication for gestations < 39 weeks;
- hospitals develop quality review processes for elective inductions;
- hospitals create an expectation that gestational age be identified in patients who present for prenatal care by 20 weeks gestation, and that expectant mothers be informed of the risks of early-term inductions; and
- patient education regarding the risks of early-term inductions be pervasive in the medical community.

Although some hospitals have developed, or are in the process of developing elective induction policies, many hospitals throughout the state have not. In the absence of defined policies and quality processes prohibiting elective inductions before 39 weeks, provider, staff, and/or patient convenience may determine the timing and method of delivery, resulting in increased complications and costs.

The program will require the following:

- Annual reporting on inductions by hospitals for all births covered by MHCP.
- Development of standardized data collection elements for use in hospital and provider reporting.
- Establishment of a process to evaluate hospital induction policies and quality programs.
- DHS claims processing will be modified to flag hospitals with approved policies, and to accommodate the data requirement.
- Providers who perform deliveries in hospitals without approved policies and quality monitoring programs will be required to submit an induction data form with all birth claims as a condition of payment for fee-for-service and managed-care births.
- Ongoing management of data entry of provider forms, data analysis and reporting, and facilitation of statewide hospital induction policy and program development.

This strategy will address the issue of elective inductions before 39 weeks gestation by aligning incentives for providers and hospitals to eliminate this practice.

This initiative would begin on January 1, 2012. Prior to that date, the standardized data collection elements will need to be developed and hospital induction policies be reviewed. In addition, the DHS claims system will need to be modified to recognize approved hospitals and to check provider claims for data attachments.

**Statutory Change:** MS § 256B.0625

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | -386 | -888 | -1,010 | -1,203 |
| Health Care Access Fund | | | 0 | 0 | 0 | 0 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-386** | **-888** | **-1,010** | **-1,203** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33-FC | MA Grants | -481 | -962 | -1,083 | -1,203 |
| GF | 13 | Central Office | 4 | 0 | 0 | 0 |
| GF | 13 | MMIS | 140 | 114 | 112 | 0 |
| GF | REV1 | Admin FFP @40% | -49 | -40 | -39 | 0 |
| FTEs Requested | | | | | | |
| GF | | Health Care Admin | 1.2 | 1.2 | 1.2 | 0 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (52) | (1,018) | (1,029) | (1,029) |
| Revenues | | | | |
| Net Fiscal Impact | (52) | (1,018) | (1,029) | (1,029) |

## Recommendation

The Governor recommends a number of changes to the way in which services are covered under Minnesota Health Care Programs (MHCP):

- Modernize the prior authorization system in order to improve program oversight and promote efficient delivery of medically necessary services.
- Effective July 1, 2011 (January 1, 2012, for managed care), specialized maintenance therapy (SMT) will no longer be covered under MHCP.
- Effective March 1, 2012, all providers except those requesting authorization for out-of-state services must submit authorizations electronically through DHS' MN-ITS system.
- Effective March 1, 2012, rehabilitation services (physical therapy, occupational therapy, and speech language pathology) will no longer be subject to one-time service thresholds, but instead require prior authorization for an episode of treatment.

The combined result of these changes is a General Fund savings of $1,070,000 over the 2012-2013 biennium.

## Rationale

This proposal is an important first step in modernizing the infrastructure that supports how services are authorized and providing the necessary flexibility to enhance program oversight and provider compliance within MHCP. With a more modern system, DHS can monitor medical necessity more efficiently and reserve the use of our medical review vendors for those cases where more complicated clinical decision-making is involved. A more responsive system also improves the provider and recipient experience. Requiring electronic submission improves accountability and transparency of the authorization system. Providers will be able to know where their request is within the process, and DHS can track the performance of its medical review vendors through electronic logs documenting access and actions taken. In addition, time to determination can be shortened for many requests where electronic algorithms can be applied, and if clinical conditions are met automated approval can be generated within the user session. The new system will also protect client privacy and permit clients to switch providers without having to obtain a new prior authorization.

Rehabilitation and pharmacy services will serve as the model of how authorization services will be designed within a new system. Both of these services are highly utilized and require adequate oversight in order to ensure integrity and quality of care. The current authorization system does little to support these aims, and DHS relies heavily on contracted vendors to make determinations. Due to the high costs associated with such contracted medical personnel, DHS must currently limit the number and types of services requiring authorization. A new system will accommodate requests that can be reviewed in relation to a plan of care; taking into account past treatment, the recipient's response to such treatment, and their progress over time. Much of this information can be made available electronically through claims history and previous authorization requests, which can be integrated into automated processes and/or made available to reviewers when necessary. Such a system ensures the type, frequency and intensity of services authorized are consistent with the needs of that individual.

Rehabilitation services currently have a window of services under which authorization is not required. As a result, the medical necessity of such services falling within this window is difficult to verify. In addition, many authorization requests could be alleviated by giving providers the flexibility to alter the treatment interventions as appropriate within the plan of care as the patient's condition and response to treatment dictates. Under the current system, providers are only authorized to render the specific services they identified at the outset of treatment. Although the providers have multiple treatment modalities at their disposal, they are unable to receive payment for making necessary adjustments to treatment unless they re-submit an authorization request. A new system will remove these barriers to appropriate care.

## Change Item: Rehab Service Coverage & PA Changes

This proposal eliminates coverage for specialized maintenance therapy (SMT) as a means of reducing the costs associated with rehabilitation services, which have increased 51% from 2003 to 2008. Occupational therapy comprises 99% of the costs related to SMT. SMT costs for 2008 were $1.6 million, which accounted for approximately 26% of the $6.1 million in total occupational therapy costs. Review of SMT occupational therapy services indicates that two providers of occupational therapy within the metropolitan area make up the vast majority of costs within this category of services. The majority of services are skills and cognitive training related to mental health conditions. Many of the recipients also have PCA or home care services, as well as access to restorative therapy. Many of the recipients also likely either currently receive or may be eligible to receive mental health services that can also address the skills and cognitive training aspects of their conditions. If persons currently receiving SMT services experience a decrease in their level of function such that they require restorative therapy, the new system will be more responsive and improve our ability to assess progress, quality, and medical necessity for skilled therapy intervention.

**Statutory Change:** MS § 256B.0625

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | -52 | -1,018 | -1,029 | -1,029 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-52** | **-1,018** | **-1,029** | **-1,029** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **-642** | **-1,169** | **-1,169** | **-1,169** |
| GF | 13 | **Central Office** | **20** | **233** | **233** | **233** |
| GF | 11 | **Financial Mgmt MMIS** | **577** | **0** | **0** | **0** |
| GF | REV1 | **Admin FFP@ 35%** | **-7** | **-82** | **-93** | **-93** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(70) | $(70) | $(70) | $(70) |
| Revenues | | | | |
| Net Fiscal Impact | $(70) | $(70) | $(70) | $(70) |

## Recommendation

The Governor recommends that providers be required to secure authorization or payment from third party payers prior to requesting authorization for payment from Minnesota Health Care Programs (MHCP). The Governor also recommends that enrollees in Minnesota's Health Care programs be allowed to use private funds to pay for noncovered services, with some exceptions. This proposal results in a General Fund savings of $140,000 in the 2012-2013 biennium.

## Rationale

Under state and federal law, Minnesota's Health Care Programs (MHCP) are the payer of last resort. To be consistent with this designation, all other sources of medical coverage should be exhausted before MHCP becomes responsible for the cost of a medical service.

DHS' contractors review and make determinations on over 80,000 authorization requests each year. In a significant portion of cases, the MHCP enrollee for which service is requested also has coverage through other private insurance or through Medicare. Under current policy, providers must often request authorization from a primary payer and then request authorization from MHCP. The current duplicative process is administratively burdensome for both providers and DHS. The current process also creates an incentive for providers to obtain only one authorization and then bill the entire cost of the service to MHCP.

Under this proposal, providers will not need to obtain authorization from MHCP in cases where a third party payer or Medicare has already covered 60% of the MHCP allowed charge for the service. Authorization will only be required in instances when over 40% of the allowed charge will be billed to MHCP. In instances where an enrollee has third party coverage or Medicare, a provider will be required to make and provide documentation of a good faith effort to receive payment or authorization from the third party payer before requesting authorization from MHCP. This policy will streamline claims payment in cases when MHCP is a secondary payer and will ensure that private resources are used to the fullest extent before claims are paid by Minnesota's public programs.

This proposal also clarifies the instances and the procedure under which enrollees in MHCP may use personal funds to pay for noncovered services. Current law is unnecessarily restrictive and does not allow an enrollee or his/her family members to purchase desired (but not medically necessary) extra or upgraded equipment. However, this proposal also clarifies that enrollees are not allowed to use personal funds to purchase noncovered prescription drugs which have the potential for abuse and overuse. Under current law, public program enrollees do have the ability to purchase nonformulary prescription drugs with personal funds. In some situations, this policy allows for diversion, abuse, or overdose. Under this proposal, enrollees would have the ability to purchase medications without potential for abuse, but would be generally disallowed from purchasing those drugs with potential for abuse.

**Statutory Change:** MS § 256B.06

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -70 | -70 | -70 | -70 |
| **Total All Funds** | | | **-70** | **-70** | **-70** | **-70** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 13 | CO Operations - Prior Auth | **-108** | **-108** | **-108** | **-108** |
| GF | REV1 | Admin FFP @ 35% | **38** | **38** | **38** | **38** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(124) | $(191) | $(245) | $(314) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(124) | $(191) | $(245) | $(314) |

## Recommendation

The Governor recommends changing the payment methodology for Augmentative and Alternative Communication (AAC) systems in the Minnesota Health Care Programs (MHCP). AAC devices are recommended to be paid at the lower of:

1. submitted charge; or
2. manufacturers' suggested retail price minus 20 percent for manufacturers enrolled as MHCP providers; or
3. invoice price plus 20% for non-manufacturers/vendors enrolled as MHCP providers.

These changes will result in a General Fund savings of $315,000 over the 2012-2013 biennium.

## Rationale

Augmentative and Alternative Communication (AAC) devices transmit, produce and receive messages or symbols in a manner that compensates for the impairment and disability of a recipient with severe expressive communication disorders. Clients who use AAC devices have a variety of conditions including cerebral palsy, muscular sclerosis, autism, stroke and visual disabilities. AAC devices include communication picture books, communication charts and boards, and mechanical/electronic devices.

Augmentative and Alternative Communication (AAC) systems are covered under Minnesota Health Care Programs (MHCP) per Minnesota Statutes, section 256B.0625, subdivision 31. Providers are currently reimbursed for the systems on an individual basis at the manufacturer's suggested retail price. This proposal will establish separate reimbursement methods for vendors and manufacturers that more accurately reflect the costs of each group. The proposal will also align payment methods across MHCP.

**Statutory Change:** MS § 256B.0625

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -124 | -191 | -245 | -314 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-124** | **-191** | **-245** | **-314** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **-124** | **-191** | **-245** | **-314** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(621) | $(665) | $(754) | $(895) |
| Revenues | | | | |
| Net Fiscal Impact | $(621) | $(665) | $(754) | $(895) |

## Recommendation

The Governor recommends a change to the pharmacy reimbursement rate methodology to replace the use of Average Wholesale Price for pharmacy reimbursement. Effective July 1, 2011, drugs will be priced using the Wholesale Acquisition Cost (WAC) benchmark rather than the current Average Wholesale Price (AWP) benchmark. Under current law, acquisition cost is estimated as AWP less 15% under this proposal, acquisition cost will be estimated at WAC plus 2%.

Office-administered drugs are currently reimbursed at the Average Sales Price (ASP) plus 6% as defined by CMS unless a drug does not have a reported ASP, in which case the drug is reimbursed at AWP less 5%. Under this proposal, office-administered drugs which do not yet have a reported ASP value will be reimbursed at Wholesale Acquisition Cost.

Hemophilia blood factor products will be reimbursed using a maximum allowable cost established by the commissioner.

This recommendation includes funding for one FTE pharmacy technician. The position is needed for drug rebate invoicing and dispute resolution with drug manufacturers related to office-administered drugs. This is necessary to meet a federal mandate to collect rebates on office-administered drugs via managed care entities.

The combined effect of these changes will be an estimated General Fund savings of $1.286 million over the 2012-2013 biennium.

## Rationale

The current pharmacy reimbursement methodology relies on AWP. The AWP benchmark has been the subject of continuing nationwide litigation and will no longer be published by DHS's data source after September 2011. The recommended changes in pharmacy reimbursement rate methodology approximately maintains the current pharmacy reimbursement for most brand name drug products.

Most office-administered drugs have a reported ASP and can thus be reimbursed at ASP plus 6%. However, new products (for which ASP is not available) are reimbursed at AWP less 5%. The AWP less 5% methodology allows for significant profit margin and provides an incentive for clinics and physicians to buy and bill DHS for expensive new drugs. A 2005 study by the OIG found that, at the median, ASP is 26% below the AWP for brand name drugs. Reducing the reimbursement for newly office-administered drugs to WAC lessens that incentive and provides some cost savings to the program.

Hemophilia factor drugs are purchased by pharmacies at a significant discount off of the list price. In the past, DHS has managed these discounts by reimbursing pharmacies at AWP less 30% for hemophilia factor drugs. Under the new maximum allowable cost (MAC) methodology, the commissioner would have the authority to set maximum allowable cost levels for individual factor products. This approach will be flexible enough to allow the commissioner to adjust the reimbursement rates as needed to account for the increased discounts in the marketplace while maintaining existing patient access to these needed therapies.

Under the federal Affordable Care Act, the state is required to collect rebates on prescriptions dispensed via managed care entities. Recent federal guidance includes office-administered drug rebates in the requirement. In order to comply with the federal mandate, the proposal includes the additional FTE needed for drug rebate invoicing and dispute resolution with drug manufacturers.

**Statutory Change:** MS § 256B.0625, Subd. 13e

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | -621 | -665 | -754 | -895 |
| **Total All Funds** | | | **-621** | **-665** | **-754** | **-895** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **-448** | **-527** | **-587** | **-669** |
| GF | 33 FC | **MA Grants** | **-106** | **-124** | **-137** | **-166** |
| GF | 33 AD | **MA Grants** | **-131** | **-71** | **-87** | **-117** |
| GF | 13 | **HC Administration** | **98** | **87** | **87** | **87** |
| GF | REV1 | **Admin FFP @35%** | **-34** | **-30** | **-30** | **-30** |
| FTEs Requested | | | | | | |
| GF | | | 1 | 1 | 1 | 1 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(2,128) | $(3,123) | $(3,487) | $(3,923) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund: HCAF | | | | |
| Expenditures | (603) | (2,207) | (2,400) | (2,504) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(2,731) | $(5,330) | $(5,887) | $(6,427) |

## Recommendation

The Governor recommends clarifying eligibility for the Critical Access Dental (CAD) program and reducing the CAD add-on payment for MinnesotaCare to the same level as the CAD add-on payment for Medical Assistance (MA). This proposal will result in net savings of $8.061 million over the 2012-2013 biennium.

## Rationale

Significant changes were made to the critical access dental (CAD) program during the 2010 legislative session. Language clarification is needed to align the statutory changes with the legislative intent.

Current statute specifies that clinics that are associated with the U of M or MNSCU can be designated as CAD providers. This recommendation revises the statute to indicate that only clinics that are U of M or MNSCU owned and operated may be designated as CAD providers.

This proposal also reduces the CAD add-on payment for MinnesotaCare from 50% to 30%. This change brings the CAD add-on payment for MinnesotaCare in line with the CAD add-on payment for MA.

**Statutory Change:** MS § 256B.76 Subdivision 4; 256L.11

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -2,128 | -3,123 | -3,487 | -3,923 |
| Health Care Access Fund | | | -603 | -2,207 | -2,400 | -2,504 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-2,731** | **-5,330** | **-5,887** | **-6,427** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | MA Grants | -660 | -686 | -779 | -878 |
| GF | 33 FC | MA Grants | -1,015 | -2,193 | -2,410 | -2,643 |
| GF | 33 AD | MA Grants | -453 | -244 | -298 | -402 |
| HCAF | 31 | Minnesota Grants | -603 | -2,207 | -2,400 | -2,504 |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(10,824) | $(32,296) | $(34,758) | $(37,504) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(10,824) | $(32,296) | $(34,758) | $(37,504) |

## Recommendation

The Governor recommends limiting Medical Assistance (MA) payment for Medicare crossover claims to the MA payment rate effective January 1, 2012. This proposal impacts payments for Medicare Part B services that are also covered by MA for persons who are dually eligible for MA and Medicare. (A crossover claim is the amount paid by MA for the Medicare beneficiary's obligation on a Medicare service.) This proposal results in a net reduction in General Fund spending of $43 million in the 2012-13 biennium.

## Rationale

There are currently over 100,000 MA enrollees who are dually eligible for the federal Medicare program. Medicare Part B helps cover medically-necessary services like doctors' services, outpatient care, home health services, and other medical services. Medicare part B also covers some preventive services.

Medicare is the primary payer for dually eligible persons. For many Part B services, after a client meets their annual deductible, Medicare pays 80% of the Medicare-approved amount for a service and the patient is responsible for the remaining 20%. In many cases, Medicare enrollees are required to pay a deductible before coverage begins.

MA currently pays the difference between the Medicare-approved total amount and the 80% share paid by Medicare for Part B services for dually eligible persons. MA also pays deductibles for Part B services up to the Medicare-approved amount. Generally, the Medicare payment rate exceeds the MA payment rate. As a result, the total payment a provider receives for a "crossover" claim exceeds the MA payment rate. This proposal would limit the MA payment for crossover claims to an amount that, added with the Medicare paid amount, does not exceed the MA payment rate. As a result, if the 80% share payment by Medicare part B exceeds the MA payment rate, MA would not pay anything for the crossover claim. Providers must accept the MA payment as payment in full and are prohibited from billing clients for the balance on a Medicare-allowed amount.

A number of other states—including but not limited to Michigan, North Carolina, Oregon, Utah and Wisconsin—currently pay crossover claims such that the amount paid by MA in combination with the Medicare payment will not exceed the amount MA would pay for a service if it were billed solely to MA. This proposal would make Minnesota's policy on crossover claims consistent with the policies of those other states.

**Statutory Change:** MS § 256B

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -10,824 | -32,296 | -34,758 | -37,504 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-10,824** | **-32,296** | **-34,758** | **-37,504** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **-10,829** | **-32,296** | **-34,758** | **-37,504** |
| GF | 13 | **MMIS** | **5** | **0** | **0** | **0** |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Suspend Managed Care Incentive Payments

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(645) | $(645) | $0 | $0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | (138) | (138) | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(783) | $(783) | $0 | $0 |

## Recommendation

The Governor recommends suspending payments to managed care plans for expanding preventive services to Minnesota Health Care Program (MHCP) enrollees effective July 1, 2011 to June 30, 2013. This two-year suspension will reduce state expenditures by $1.566 million over the 2012-2013 biennium.

## Rationale

This payment suspension provides budget savings in the General Fund and the health care access fund. The Department of Human Services currently provides "incentive" payments to managed care plans that expand preventive services for MHCP enrollees. The payments are intended to reimburse managed care plans for a portion of the cost of the expanded services until capitation rates can be adjusted to account for the cost of the services. In FY 2010, incentive payments were made for the following services:

- Well -child visits
- Lead screening
- Developmental and mental health screening
- Breast cancer screening
- Chlamydia screening
- Elder care evaluations

Under this proposal, incentive payments for expanded preventive services provided to MHCP enrollees would be suspended until June 30, 2015. Managed care plan rates will continue to be adjusted to reflect the expanded services in future contracts between the state and managed care plans.

**Statutory Change:** Not Applicable

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -645 | -645 | 0 | 0 |
| Health Care Access Fund | | | -138 | -138 | 0 | 0 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-783** | **-783** | **0** | **0** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 FC | **MA Grants** | **-645** | **-645** | **0** | **0** |
| HCAF | 31 | **MinnesotaCare Grants** | **-138** | **-138** | **0** | **0** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(1,011) | $(1,446) | $(1,467) | $(1,410) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | (42) | (112) | (150) | (166) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(1,053) | $(1,558) | $(1,617) | $(1,576) |

## Recommendation

The Governor recommends imposing a 0.5% ratable reduction for outpatient hospital services and other basic care services under Medical Assistance (MA) and MinnesotaCare. This proposal would be effective July 1, 2011, for fee-for-service and January 1, 2012 for managed care and will generate cost savings of $2.611 million over the 2012-2013 biennium.

## Rationale

Minnesota Statutes 256B.766, paragraph (a) require that Minnesota Health Care Programs payments for services known as basic care services be reduced by 3% beginning July 1, 2009. In current law, the basic care payment rates are reduced an additional 1.5% temporarily during the service date period of July 1, 2009, through June 30, 2011, for a total of 4.5% in this biennium. This recommendation extends the reduction at a lower total 3.5% rate beginning in the 2012-2013 biennium.

**Statutory Change:** MS § 256B.766, paragraph (a)

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -1,011 | -1,446 | -1,467 | -1,410 |
| Health Care Access Fund | | | -42 | -112 | -150 | -166 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-1,053** | **-1,558** | **-1,617** | **-1,576** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | MA Grants | -290 | -525 | -589 | -658 |
| GF | 33 FC | MA Grants | -424 | -559 | -629 | -740 |
| GF | 33 AD | MA Grants | -297 | -362 | -249 | -12 |
| HCAF | 31 | MnCare Grants | -42 | -112 | -150 | -166 |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (1,649) | (2,458) | (2,652) | (2,881) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | (1,649) | (2,458) | (2,652) | (2,881) |

## Recommendation

The Governor recommends a 4.5% ratable reduction for transportation services including ambulance, special transportation services (STS) and access transportation services (ATS). This reduction will be effective July 1, 2011 for fee-for-service and January 1, 2012 for managed care and will generate a General Fund cost savings of $4.107 million over the 2012-13 biennium.

## Rationale

In general, fee-for-service reimbursements for transportation services have gone up 31% from 2003 to 2008, and payments for transportation services have not been included in recent reductions for other Minnesota Health Care Program services. This reduction amount is the same as what is applied to basic care services and would not impact rates for non-transport services, such as meals and lodging.

**Statutory Change:** MS § 256B.0625, subdivisions 17 and 17a.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -1,649 | -2,458 | -2,652 | -2,881 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-1,649** | **-2,458** | **-2,652** | **-2,881** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **-325** | **-377** | **-424** | **-473** |
| GF | 33 FC | **MA Grants** | **-1,169** | **-1,988** | **-2,164** | **-2,405** |
| GF | 33 AD | **MA Grants** | **-157** | **-93** | **-64** | **-3** |
| GF | 11 | **Finance & Mgmt MMIS** | **2** | **0** | **0** | **0** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(130) | $(265) | $(406) | $(552) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(130) | $(265) | $(406) | $(552) |

## Recommendation

The Governor recommends freezing rates on payments to providers for Child & Teen Check-Up (C&TC) screenings. The current C&TC screening payment rate is sufficient to ensure access to services for the foreseeable future. This proposal will generate a General Fund cost savings of $395,000 over the 2012-2013 biennium.

## Rationale

Minnesota Rules, Chapter 9505.0445, paragraph M, sets the Minnesota Health Care Programs allowed payment rate for a complete C&TC screening at the 75th percentile of charges for C&TC screenings provided during the previous state fiscal year. Per the administrative rule, the rate is adjusted annually on October 1. The rate has increased each year and is set to pay $317.01 effective October 1, 2010. DHS data show that fee-for-service provider rates for child and teen check-ups increased 41% between 2003-08.

Under this recommendation, the allowed CT&C payment rate will remain at the October 1, 2010 amount and not be increased annually. The C&TC screening has not been subject to other recent payment reductions applied to MHCP services.

**Statutory Change:** M.S. § 256B.0625

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -130 | -265 | -406 | -552 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-130** | **-265** | **-406** | **-552** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 FC | **MA Grants** | **-130** | **-265** | **-406** | **-552** |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Delay Inpatient Hospital Rebasing

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | (99,041) | (27,202) | (3,625) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | 0 | (99,041) | (27,202) | (3,625) |

## Recommendation

The Governor recommends delaying the calendar year 2013-2014 rebasing of hospital rates under the Medical Assistance (MA) program for six months. Rebasing was originally scheduled for January 1, 2013, and will be delayed until July 1, 2013. This recommendation provides cost savings in the General Fund of $99 million in FY 2013 and $30.8 million in FY 2014-15.

## Rationale

Current law requires the Department of Human Services to rebase each hospital's MA inpatient fee-for-service rates every two years based on more current cost data for each hospital. This process incorporates hospital-specific inflation into the payment rates. Hospital rates were last rebased in 2007, using 2002 hospital data. That rebasing resulted in an average rate increase of 26% under MA and 24% under General Assistance Medical Care (GAMC). The legislature acted to delay rebasing for both the 2009-2010 and 2011-2012 periods, so rebasing in 2013 would incorporate a six-year inflation growth by updating from a base year of 2002 to 2008.

Hospitals have payment add-ons in addition to individual cost-based rates. These add-ons include: disproportionate share payments (DSH) that range to 59%; additions of 15% and 20% for small, rural hospitals; and an increase to non-metro hospitals for admissions for certain medical conditions in sixteen diagnosis-related groups (DRGs). Hospitals also receive ratable reductions under MA of 16.25% for medical/surgical and 3.46% for mental health admissions.

Rebasing results in different increases for each hospital depending on their base year cost structure. The actual value of each hospital's increase is unknown until all steps in the rebasing process are completed.

Other acute care providers do not receive automatic cost-based increases and have not had any general increases for many years.

**Statutory Change:** MS § 256.969, Subdivision 2b

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | | -99,041 | -27,202 | -3,625 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **0** | **-99,041** | **-27,202** | **-3,625** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **0** | **-29,169** | **-10,410** | **-16** |
| GF | 33 FC | **MA Grants** | | **-45,085** | **-11,481** | **-3,575** |
| GF | 33 AD | **MA Grants** | | **-24,787** | **-5,311** | **-34** |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: Reduce PMAP MERC Funding

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(12,808) | $(12,808) | $(12,808) | $(12,808) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(12,808) | $(12,808) | $(12,808) | $(12,808) |

## Recommendation

The Governor recommends reducing the Medical Education and Research Cost (MERC) payments attributable to managed care (prepaid medical assistance, or "PMAP") enrollees effective July 1, 2011. The funding being reduced is the amount reserved for general distribution to eligible hospital and clinic training sites. This proposal does not affect the PMAP MERC payments that are dedicated to the University of Minnesota and Hennepin County Medical Center (HCMC) and fee-for-service MERC payments. This proposal will result in a General Fund savings of $25.616 million over the 2012-13 biennium. (See the Minnesota Department of Health's Governor's Recommendations for other MERC related change items.)

## Rationale

Since October 2000, a portion of the Medical Assistance (MA) capitation rates are carved out of the payments made to managed care organizations (MCOs) and transferred to the Minnesota Department of Health, which distributes the funds to various medical education providers based on each provider's proportion of MA, MinnesotaCare and General Assistance Medical Care (GAMC) payments. The carve-out of MA capitation rates includes two components: a percent carve out that funds the general distribution and a fixed amount that funds dedicated payments to the University of Minnesota and HCMC.

In October 2008, the Department received new terms and conditions from the federal CMS agency that limit MERC spending associated with our MA managed care populations as part of the renewal of the federal PMAP+ waiver. Beginning with FY 2010, medical education payments associated with our managed care populations and distributed to providers are limited to the level of payments made in FY 2009.

State PMAP MERC carve-out payments receive federal match under the Medical Assistance program. Total annual state and federal funding for MERC payments is $71.3 million: $49.6 million for general distribution and $21.7 million in dedicated payments to the University of Minnesota, dental innovation grants and HCMC. This proposal will reduce the amount for general distribution to $24 million but does not reduce dedicated payments. In calendar year 2010, approximately 85% of the general distribution funding went to hospitals and 15% went to clinics and other providers.

**Statutory Change:** MS § 256B.69

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -12,808 | -12,808 | -12,808 | -12,808 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-12,808** | **-12,808** | **-12,808** | **-12,808** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 FC | **PMAP MERC** | **-12,808** | **-12,808** | **-12,808** | **-12,808** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $61,942 | $61,495 | $36,801 | $727 |
| Revenues | 242,118 | 256,053 | 272,524 | 290,510 |
| Net Fiscal Impact | $(180,176) | $(194,558) | $(235,723) | $(289,783) |

## Recommendation

The Governor recommends increasing the Medical Assistance (MA) surcharge on hospitals to 4.45% effective July 1, 2011. The Governor also recommends increasing MA fee-for-service payment rates for inpatient hospital services to offset a portion of the cost of the surcharge. This proposal results in a net General Fund savings of $374.734 million over the 2012-13 biennium.

## Rationale

This proposal expands the use of an allowable mechanism to draw federal funding on the Medical Assistance program. The hospital surcharge is calculated as a percentage of net patient revenues, excluding Medicare revenues. The current MA hospital surcharge is levied at a rate of 1.56% and has not changed since 1994, when it was initially implemented.

The amount of the rate increase that can be provided to hospitals is limited by the Medicare Upper Payment Limit (UPL) on inpatient hospital services. The UPL changes each year and cannot be predicted with certainty. Current UPL projections indicate that the state would be allowed to increase MA fee-for-service rates by 24% from July 1, 2011, to September 30, 2012, and by 18.5% from October 1, 2012, to September 30, 2013. The rebasing of inpatient hospital rates (which the Governor recommends delaying from January 1, 2013 to July 1, 2013 in a separate proposal) would increase MA payments to hospitals enough to eliminate any permissible increase in hospital rates under the UPL. As a result there is no projected rate increase to offset the surcharge after September 30, 2013.

**Statutory Change:** MS § 256.9657, Subd. 2.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -180,176 | -194,558 | -235,723 | -289,783 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-180,176** | **-194,558** | **-235,723** | **-289,783** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| DED | REV2 | MA Hospital Surcharge | -242,118 | -256,053 | -272,524 | -290,510 |
| GF | 33 ED | MA Grants | 33,574 | 30,951 | 15,762 | 0 |
| GF | 33 FC | MA Grants | 18,654 | 16,858 | 7,444 | 0 |
| GF | 33 AD | MA Grants | 9,714 | 13,686 | 13,595 | 727 |
| | | MA Grants subtotal | 61,942 | 61,495 | 36,801 | 727 |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $35,270 | $67,620 | $71,180 | $70,242 |
| Revenues | 132,335 | 177,952 | 181,716 | 202,179 |
| Other Fund | | | | |
| Expenditures | 4,799 | 9,273 | 12,234 | 13,731 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(92,266) | $(101,059) | $(98,302) | $(118,206) |

## Recommendation

The Governor recommends increasing the Medical Assistance (MA) surcharge on HMOs to 4.3% and creating a 4.3% surcharge on county-based purchasing (CBP) plans effective July 1, 2011. The Governor also recommends increasing payment rates to managed care organizations for MA and for MinnesotaCare families and children effective January 1, 2012. This proposal results in a combined savings of $193.325 million over the 2012-13 biennium.

## Rationale

This proposal expands the use of an allowable mechanism to draw federal funding on the Medical Assistance program. The HMO surcharge is calculated as a percentage of all premium revenues. The current HMO surcharge is levied at a rate of 0.6% and has not been increased since 1992, when it was first implemented. In order to meet actuarial soundness requirements, this surcharge increase must be offset by a built-in payment increase to managed care rates.

In order to offset the surcharge increase, the proposal also increases the MA and MinnesotaCare families and children payment rates for HMOs and CBPs. The rate for HMOs is increased by 8.88% from January 1, 2012 to June 30 2012; beginning July 1, 2012, the rate increase is reduced to 3.7%. The rate for CBPs are increased by 10.32% from January 1, 2012 to June 30 2012; beginning July 1, 2012, the rate increase is reduced to 4.3%.

**Statutory Change:** MS § 256.9657, Subd. 3.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | -97,065 | -110,332 | -110,536 | -131,937 |
| Health Care Access Fund | | | 4,799 | 9,273 | 12,234 | 13,731 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-92,266** | **-101,059** | **-98,302** | **-118,206** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| DED | REV2 | **MA HMO/CBP Surcharge** | **-132,335** | **-177,952** | **-181,716** | **-202,179** |
| GF | 33 ED | **MA Grants** | **10,197** | **16,517** | **18,873** | **20,630** |
| GF | 33 FC | **MA Grants** | **21,100** | **35,240** | **40,542** | **47,245** |
| GF | 33 AD | **MA Grants** | **3,973** | **15,863** | **11,765** | **2,367** |
| HCAF | 31 | **MnCare Grants** | **4,799** | **9,273** | **12,234** | **13,731** |
| FTEs Requested | | | | | | |
| | | | | | | |

# Change Item: End MnCare for Adults Above 200% FPG

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $0 | $0 | $0 | $0 |
| Revenues | (603) | (1,408) | 0 | 0 |
| Other Fund | | | | |
| Expenditures | (10,110) | (23,381) | (28,336) | (29,414) |
| Revenues | (23) | (65) | (46) | (46) |
| Net Fiscal Impact | $(9,484) | $(21,908) | $(28,290) | $(29,908) |

## Recommendation

The Governor recommends reducing MinnesotaCare eligibility for adults without children and adults in families with children (parents, relative caretakers, foster parents and legal guardians) to 200% of the Federal Poverty Guidelines (FPG). This proposal is effective January 1, 2012, for adults without children, and January 1, 2012, or upon federal approval, whichever is later, for adults in families with children. Currently, the income limit for adults without children is 250% FPG and the income limit for adults in families with children is 275% FPG or $50,000 annual gross income[1], whichever is less. The reduction in MinnesotaCare expenditures is partially offset by a loss of disproportionate share revenue in FY2012 & 2013. This recommendation will result in a net savings of $31.4 million in the 2012-2013 biennium.

This proposal would reduce projected average monthly enrollment in MinnesotaCare by 7,151 in FY 2013. Starting in 2014, individuals with incomes between 133% of FPG and 400% of FPG will be eligible for premium and cost-sharing subsidies for private coverage through a health insurance exchange.

## Rationale

This proposal implements budget reductions to provide budget savings. The Patient Protection and Affordable Care Act (ACA) includes a Medicaid maintenance of effort (MOE) requirement that states must not initiate changes to eligibility standards, methodologies and procedures that are more restrictive than those in place on March 23, 2010. This requirement remains in place until the Health Insurance Exchange is operational (anticipated to be January 1, 2014), and for children under age 19, until October 1, 2019. Notwithstanding the MOE requirement, the ACA provides that if a state can certify a budget deficit, the MOE does not apply to adults (other than pregnant women and disabled individuals) whose income exceeds 133% of federal poverty guidelines (FPG). This proposal assumes that the state will certify a budget deficit so that Minnesota could reduce MinnesotaCare eligibility for adults in families with children to 200% FPG on or after January 1, 2012, without violating the MOE.

This proposal would require federal approval of an amendment to the MinnesotaCare waiver.

**Statutory Change:** MS § 256L.02, subdivision 3, 256L.03, subdivisions 3 and 5, 256L.04, subdivisions 1 and 4, 256L.05, subdivision 5, 256L.07, subdivision 1, and 256L.11, subdivision 6.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | 603 | 1,408 | 0 | 0 |
| Health Care Access Fund | | | -10,087 | -23,316 | -28,290 | -29,908 |
| **Total All Funds** | | | **-9,484** | **-21,908** | **-28,290** | **-29,908** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| HCAF | 31 | MinnesotaCare Grants | -10,092 | -23,194 | -28,206 | -29,824 |
| HCAF | 11 | MMIS | 49 | 0 | 0 | 0 |
| GF | REV2 | Reduction in DSH | 603 | 1,408 | 0 | 0 |
| HCAF | 13 | MnCare Operations | -67 | -187 | -130 | -130 |
| HCAF | REV2 | Admin FFP @ 35% | 23 | 65 | 46 | 46 |
| FTEs Requested | | | | | | |
| HCAF | | | -1 | -2 | -2 | -2 |

[1] The 2008 legislature increased the income limit for MinnesotaCare adults in families with children to $57,500, effective July 1, 2009, or upon federal approval, whichever is later. This has not been implemented yet as federal approval of an amendment to the MinnesotaCare waiver is pending. Pregnant women are not subject to the $50,000 annual limit.

# Change Item: Repeal Unapproved MA Bridge Program

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| Other Fund: HCAF | | | | |
| Expenditures | $(4,152) | $(16,891) | $(27,171) | $(34,141) |
| Revenues | (178) | (214) | (134) | (178) |
| Net Fiscal Impact | $(3,974) | $(16,677) | $(27,037) | $(33,963) |

## Recommendation

The Governor recommends repealing provisions that authorize two months of extended Medical Assistance (MA) eligibility followed by automatic MinnesotaCare eligibility until renewal for certain children ages 2-18, effective March 1, 2012. This proposal will result in a net savings of $20.651 million in the 2012-2013 biennium.

The sections being repealed in this proposal have not been implemented, as federal approval of an amendment to the state's Prepaid Medical Assistance Project Plus (PMAP+) Demonstration waiver is pending. As a result, this proposal does not affect current enrollees. It will reduce forecasted monthly enrollment by 4,433 for MA and by 9,025 for MinnesotaCare in FY 2013.

## Rationale

In 2007, the legislature expanded MA and MinnesotaCare by extending MA eligibility two additional months for children ages 2-18 whose income exceeds 150% of the Federal Poverty Guidelines (FPG). These children were also granted automatic MinnesotaCare eligibility until their next renewal. The provisions had an effective date of October 1, 2008, or upon federal approval, whichever is later. In 2008, the legislature further amended MA statutes to clarify that a child receiving MA who becomes ineligible due to excess income is eligible for seamless coverage between MA and MinnesotaCare. The effective date remained October 1, 2008, or upon federal approval, whichever is later.

Effective March 1, 2012, this proposal would repeal the two months of extended MA coverage and automatic MinnesotaCare eligibility until renewal for children ages 2-18 who become ineligible for MA due to excess income.

Currently, MA eligibility ends for children two to 18 when their income exceeds 150% FPG. Some children may qualify for 4-12 months of additional MA coverage under Transitional MA or Transition Year MA (TMA/TYMA). MinnesotaCare eligibility is determined for all MA enrollees who become ineligible due to income, including children. MinnesotaCare coverage begins the month following receipt of the initial premium. Children may be eligible for retroactive MinnesotaCare back to the date of MA closure, but must pay premiums for all retroactive months.

The intent of the original legislation was to reduce delays in eligibility arising from agency transfer of paper health care case files from counties to the state MinnesotaCare Operations. Recent implementation of electronic document management systems has reduced eligibility delays, and thereby lessened the necessity of authorizing additional periods of MA eligibility during case transfer. Additionally, many counties now determine eligibility for MinnesotaCare cases, which reduces the time between MA denial and MinnesotaCare approval.

This proposal allows the Department to make progress on its objective of program simplification and alignment. If implemented, the seamless coverage provisions would further complicate eligibility and cause confusion for clients. Because only children ages 2-18 would qualify for the seamless coverage eligibility, the provisions would be particularly confusing for families that include children of mixed ages, including one or more who are under age two or over age 18. Eliminating these provisions would further the Department's simplification efforts.

**Statutory Change:** Laws 2007, chapter 147, article 13, sections 1, 2 and 3.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | | | | |
| Health Care Access Fund | | | -3,974 | -16,677 | -27,037 | -33,963 |
| **Total All Funds** | | | **-3,974** | **-16,677** | **-27,037** | **-33,963** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| HCAF | 31 | MinnesotaCare Grants | -719 | -9,713 | -19,279 | -25,441 |
| HCAF | 33 FC | MA Grants (pd by HCAF) | -2,925 | -6,566 | -7,510 | -8,192 |
| HCAF | 13 | MinnesotaCare Ops | -508 | -612 | -382 | -508 |
| HCAF | REV2 | Admin FFP @ 35% | 178 | 214 | 134 | 178 |
| FTEs Requested | | | | | | |
| HCAF | 13 | MinnesotaCare Ops | -8 | -8 | -6 | -8 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $0 | $0 | $0 | $0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | (1,778) | (8,511) | (9,841) | (9,178) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(1,778) | $(8,511) | $(9,841) | $(9,178) |

## Recommendation

The Governor recommends repealing the MinnesotaCare premium grace month and renewal rolling month provisions prior to implementation, effective January 1, 2012. This proposal will result in a net savings of $10.289 million in the 2012-2013 biennium.

The sections being repealed in this proposal have not been implemented, as federal approval of an amendment to the state's Prepaid Medical Assistance Project Plus (PMAP+) Demonstration waiver is pending. As a result, this proposal does not affect current enrollees. It will reduce forecasted average monthly MinnesotaCare enrollment by 2,896 in FY 2013.

## Rationale

This proposal facilitates program simplification and alignment, as well as providing budget savings.

**Premium Grace Month**

Currently, MinnesotaCare enrollees are required to pay their monthly premiums in the month prior to the coverage month to continue the coverage. The 2008 legislature amended MinnesotaCare statute to establish a "premium grace month" that permits premiums to be paid up to the last day of the coverage month. The premium grace month would give enrollees an extra month to pay their premiums before they are disenrolled. In addition, the statute requires the commissioner to waive the premium for the grace month for persons who are disenrolled for nonpayment despite the extra month, who then reapply at a later date. The premium grace month policy has not been implemented because DHS is awaiting federal approval.

There are already safeguards in place for people who do not pay their premiums on time. Currently, MinnesotaCare has an automated 20-day reinstatement process that gives enrollees who are disenrolled for failure to pay their premiums a second opportunity to pay within 20 days and retain coverage without a lapse. Because enrollees are actually cancelled from coverage prior to being given the opportunity to reinstate, many are compelled to submit their premiums to reestablish coverage. More than 50% of enrollees who are disenrolled due to nonpayment of premiums are reinstated through the current automated 20-day reinstatement process.

Repealing the premium grace month will simplify the program and eliminate the following unintended consequences:

- The premium grace month provision would permit MinnesotaCare enrollees who failed to pay their premiums on time an additional month of coverage at no cost, while ongoing enrollees would be required to pay for all months of coverage.
- The premium grace month would discourage enrollees from paying their premiums on time. Some enrollees would wait until the end of the grace month to pay their premiums. Enrollees who are disenrolled following the grace month would have no second chance to reinstate their coverage without a lapse.
- The premium grace month provision would allow enrollees who receive a grace month and are then disenrolled for nonpayment to reapply for MinnesotaCare and not owe for that past due premium. Enrollees would still have a four-month waiting period before they could reenroll.

**Renewal Rolling Month**

The 2008 legislature amended MinnesotaCare statute to allow enrollees who fail to submit their renewal forms timely to remain eligible for an additional month before being disenrolled. This provision is referred to as a "renewal rolling month." Under the renewal rolling month, the enrollee remains responsible for the MinnesotaCare

premium for the additional month. The renewal rolling month has not been implemented because DHS is awaiting federal approval.

Repealing the renewal rolling month will simplify MinnesotaCare requirements and eliminate the following unintended consequences:

- MinnesotaCare enrollees who fail to submit renewal paperwork timely would remain enrolled for an additional month, and would be responsible to pay the associated MinnesotaCare premium for the additional month, even if they purposely did not submit the renewal because they no longer want coverage.
- Enrollees who reapply for MinnesotaCare following cancellation for non-renewal would be permitted to reenroll immediately, but would owe a past due premium. The past due premium may be a barrier to new enrollment.
- Some enrollees who fail to pay a premium timely may be in their premium grace month the same month their renewal is overdue. It is unclear how these two provisions would work in tandem, and whether in these cases, enrollees would be required to pay a premium for the extra month that serves as both the premium grace month and renewal rolling month.

Enrollment reductions related to this proposal do not result in administrative reductions in FY 2013 because of the substantial forecasted growth in MinnesotaCare over the next biennium.

**Statutory Change:** Laws of Minnesota 2008, chapter 358, article 3, section 8, effective upon federal approval. Laws of Minnesota 2008, chapter 358, article 3, section 9, effective upon federal approval.

### DHS Fiscal Detail for Budget Tracking

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | | | | |
| Health Care Access Fund | | | -1,778 | -8,511 | -9,841 | -9,178 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-1,778** | **-8,511** | **-9,841** | **-9,178** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| HCAF | 31 | **MinnesotaCare Grants** | **-1,778** | **-8,511** | **-9,841** | **-9,178** |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| Other Fund | | | | |
| Expenditures | $(216) | $(2,232) | $(8,266) | $(10,578) |
| Revenues | (23) | (78) | (112) | (112) |
| Net Fiscal Impact | $(193) | $(2,154) | $(8,154) | $(10,466) |

## Recommendation

The Governor recommends repealing MinnesotaCare provisions that eliminate the income limit for children, exempt certain children from cancellation for non-renewal, and eliminate automatic eligibility for children who are exiting foster care or juvenile residential correctional facilities effective January 1, 2012. This proposal will result in a net savings of $2.347 million in the 2012-2013 biennium.

The sections being repealed in this proposal have not been implemented, as federal approval of an amendment to the state's Prepaid Medical Assistance Project Plus (PMAP+) Demonstration waiver is pending. As a result, this proposal does not affect current enrollees. It will reduce forecasted monthly MinnesotaCare enrollment by 1,751 in FY 2013.

## Rationale

The 2009 legislature enacted several initiatives designed to increase enrollment and retention of children in MinnesotaCare. While the initiatives may have the desired results, the cost of implementation and the increased program complexity outweigh the benefits. By repealing the 2009 initiatives the proposal also facilitates program simplification and alignment. Each initiative is discussed in more detail below.

**Repeal Exemption from Income Limit for Children**

The 2009 legislature expanded MinnesotaCare by eliminating the income limit for children, effective July 1, 2009, or upon federal approval, whichever is later. If the 2009 law is implemented, any child whose household income exceeds 275% FPG will be eligible for MinnesotaCare while paying the maximum premium.

This proposal repeals the elimination of the income limit for children. Children who apply for MinnesotaCare, and have household income exceeding 275% FPG, would remain ineligible. Children enrolled in MinnesotaCare whose income grows to exceed 275% FPG may remain enrolled if they meet the MCHA exemption (a comparison of household income to a policy with a $500 deductible offered under the Minnesota Comprehensive Health Association.)

Currently, very few children enrolled in MinnesotaCare exceed the income limit and pay the maximum premium, which starting July 1, 2010, is $480 per month. This amount is generally greater than the cost of purchasing a comparable policy in the private market. As such, the costs of making systems and program changes to implement the initiative exceed the probable "take-up" of MinnesotaCare. In addition, repealing the initiative avoids creating undue complexity from exempting a group from the program's income limits while requiring all other applicants to meet income requirements.

**Repeal Exemption from Cancellation for Non-Renewal for Children**

Currently, all MinnesotaCare enrollees are required to submit an annual renewal, and are disenrolled at the end of the eligibility period if they fail to do so timely. The 2009 legislature eliminated the provision requiring disenrollment for failure to renew coverage annually for children with household income equal to or below 275% FPG. If the 2009 law is implemented, household members who are adults, including parents, and children with household income above 275% FPG will still be subject to the annual renewal requirements, while children with household income at or below 275% FPG will not. MinnesotaCare must use alternative methods to verify household income for purposes of determining continued eligibility and premiums for the children.

This proposal repeals the renewal exemption for children with household income at or below 275% FPG prior to implementation. Children would remain subject to disenrollment if they failed to submit information and verifications needed to renew their MinnesotaCare eligibility every 12 months.

The renewal exemption would increase the complexity of the MinnesotaCare program. Since children with household income above 275% FPG would not be exempt from renewal requirements, this provision would further complicate the program by creating two sets of eligibility rules for children, some of whom may have household income that fluctuates above and below the 275% FPG limit throughout the year. Because many

families have some children enrolled in MA and others in MinnesotaCare, continuing to require MA renewal forms while exempting certain children from the MinnesotaCare renewal requirements will cause confusion for families. Additionally, since adults would not be exempt from annual renewal requirements, families will be confused when eligibility is cancelled for parents, while the children continue to be covered. Understanding and explaining the special renewal exemption for children would be difficult for workers. It is also unclear how the renewal exemption would interact with other enrollment and retention strategies, such as the premium grace month, renewal rolling month, and elimination of premiums and insurance barriers for children with household income at or below 200% FPG.

**Repeal Automatic MinnesotaCare Eligibility for Certain Children**
The 2009 Legislature made children who are residing in foster care or a juvenile residential correctional facility on the child's 18th birthday automatically eligible for MinnesotaCare upon termination or release until the child reaches the age of 21. Those children are exempt from the requirement to pay MinnesotaCare premiums. If implemented, the current provision would complicate program eligibility by providing unnecessary duplicative coverage. This proposal would repeal that provision.

Children receiving Title IV-E foster care services can automatically receive MA until the age of 21. Recent changes in the law have extended eligibility for foster care services to children beyond their 18th birthday until the age of 21. This includes children residing in a juvenile correctional facility for which the facility maintains guardianship over the child. As long as the child remains enrolled in school, participates in a program designed to remove barriers to employment, maintains employment, or is incapable of any of these activities due to a medical condition, they may remain eligible for foster care services until the age of 21.

Children receiving Title IV-E foster care services are automatically eligible for MA. As such, clients who receive foster care services beyond age 18 also remain automatically eligible for MA. Additionally, effective January 1, 2014, the Patient Protection and Affordable Care Act (ACA) extends coverage until the age of 26 for children enrolled in foster care services on their 18th birthday. Repeal of the current MinnesotaCare provision furthers the goal of program simplification by eliminating unnecessary duplicative coverage.

**Statutory Change:** Minnesota Statutes § 256L.04, Subd. 1b, Subd. 7a; § 256L.07, Subd. 1; § 256L.05, Subd. 3a; § 256L.07, Subd. 1, Subd. 2, Subd. 3;. § 256L.15, Subd. 2, Subd. 3.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | | | | |
| Health Care Access Fund | | | -193 | -2,154 | -8,154 | -10,466 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-193** | **-2,154** | **-8,154** | **-10,466** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| HCAF | 31 | **MinnesotaCare Grants** | **-149** | **-2,010** | **-7,947** | **-10,259** |
| HCAF | 13 | **MinnesotaCare Ops** | **-67** | **-222** | **-319** | **-319** |
| HCAF | REV2 | **Admin FFP @ 35%** | **23** | **78** | **112** | **112** |
| FTEs Requested | | | | | | |
| HCAF | 13 | MinnesotaCare Ops | -1 | -2.5 | -5 | -5 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $15,930 | $38,332 | $33,869 | $4,822 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund: HCAF | | | | |
| Expenditures | 1,988 | 2,904 | 2,904 | 2,904 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $17,918 | $41,236 | $36,773 | $7,726 |

## Recommendation

The Governor recommends a continued delay in implementation of pending eligibility changes to MinnesotaCare and Medical Assistance (MA). These eligibility changes were previously delayed to comply with the Medicaid maintenance of effort (MOE) requirement in the federal American Recovery and Reinvestment Act (ARRA). A continued delay in implementation is required to comply with the subsequent maintenance of effort requirement in the federal Patient Protection and Affordable Care Act (ACA). The continued delay has a combined cost to the general and Health Care Access Funds of $59,154,000 over the 2012-2013 biennium.

## Rationale

Both federal laws, the ARRA and the ACA, prevent states from implementing more restrictive eligibility standards, methodologies or procedures for Medicaid (as well as for CHIP, the federal Children's Health Insurance Program) than those that were effective on July 1, 2008, and March 23, 2010, respectively.

To avoid violating the ARRA MOE requirement, the 2010 legislature amended state law to ensure that the scheduled eligibility changes would not become effective until after the enhanced Federal Medical Assistance Percentage (FMAP) period, which was extended to June 30, 2011 by federal action, ended. However, the subsequent ACA maintenance of effort requirement does not expire until January 1, 2014, for adult eligibility groups and until September 30, 2019, for eligibility groups containing children. If the eligibility changes are allowed to become effective July 1, 2011, the state would be in violation of the ACA maintenance of effort requirement.

This recommendation further delays the problematic eligibility changes until after the related ACA MOE requirement has ended. The affected provisions and their proposed expiration dates are as follows:

- Sunset of MinnesotaCare premium payments for military members. See Minn. Stat. § 256L.15 subd. 1. (September 30, 2019).
- A change in how new household members are added to the MinnesotaCare household. Currently, a family can choose to add a new household member when the person enters the household, or they can wait until next renewal. The provision being delayed would eliminate the option of waiting until renewal to recognize the new household member. See Minnesota Laws 2005, First Special Session chapter 4, article 8, section 66 as amended by Minnesota Laws 2009, chapter 173, article 3, section 24 (September 30, 2019)
- Bank accounts that contain personal income or assets cannot be considered a business capital or operating asset for MinnesotaCare and MA eligibility. See Minnesota Laws 2009, chapter 79, article 5, section 17. (September 30, 2019)
- The method for reducing excess assets during the three months prior to application is restricted. See Minnesota Laws 2009, chapter 79, article 5, section 18. (January 1, 2014).
- A period of ineligibility for long-term care may be eliminated if all of the assets transferred for less than fair market value used to calculate the period of ineligibility, or cash equal to the value of the assets at the time of the transfer, are returned within 12 months after the date the period of ineligibility began. A period of ineligibility must not be adjusted if less than the full amount of the transferred assets or the full cash value of the transferred assets are returned. See Minnesota Laws 2009, chapter 79, article 5, section 22. (January 1, 2014).
- The nursing facility level of care criteria for long-term care eligibility. See Minnesota Laws 2009, chapter 79, article 8, section 4. (January 1, 2014 for individuals aged 21 and older, and October 1, 2019 for individuals under age 21). A related provision is the implementation of Essential Community Supports grants, which provide a limited number of services to individuals age 65 and older who will no longer meet the nursing facility level of care criteria to help them remain living in the community.

Implementation is delayed until January 1, 2014 and the ESC grants are defunded through FY2014. See Minnesota Laws 2009, chapter 79, article 8, section 51.

- A beneficiary's interest in a pooled trust is an available asset unless the trust specifies that upon the beneficiary's death or termination of the trust, DHS receives an amount up to the amount of MA paid on behalf of the beneficiary. The pooled trust cannot retain more than 10% of the sub-account's value at the time of the beneficiary's death or termination of the trust. See Minnesota Laws 2009, chapter 173, article 1, section 17. (January 1, 2014).

**Statutory Change:** M.S. 256L.15 subd. 1; Minnesota Laws 2005, First Special Session chapter 4, article 8, section 66 as amended by Minnesota Laws 2009, chapter 173, article 3, section 24; Minnesota Laws 2009, chapter 79, article 5, section 17; Minnesota Laws 2009, chapter 79, article 5, section 18; Minnesota Laws 2009, chapter 79, article 5, section 22; Minnesota Laws 2009, chapter 79, article 8, section 4; Minnesota Laws 2009, chapter 173, article 1, section 17.

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | 15,930 | 38,332 | 33,869 | 4,822 |
| Health Care Access Fund | | | 1,988 | 2,904 | 2,904 | 2,904 |
| Other Fund | | | | | | |
| **Total All Funds** | | | **17,918** | **41,236** | **36,773** | **7,726** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| GF | 33 ED | **MA Grants** | **9,971** | **22,948** | **17,979** | **0** |
| GF | 33 FC | **MA Grants** | **631** | **933** | **933** | **933** |
| GF | 33 LF | **MA Grants** | **5,973** | **11,779** | **12,749** | **3,889** |
| GF | 33 LW | **MA NF LOC** | **3,542** | **7,602** | **6,278** | **0** |
| GF | 34 | **Alternative Care Grants NF LOC** | **2,223** | **2,349** | **1,849** | **0** |
| GF | 53 | **Aging & Adult Svcs Grants - ECS** | **-6,410** | **-7,279** | **-5,919** | **0** |
| HCAF | 31 | **MnCare Grants** | **100** | **100** | **100** | **100** |
| HCAF | 31 | **MnCare Grants** | **1,888** | **2,804** | **2,804** | **2,804** |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Transfers In | $0 | $(163,268) | $0 | $0 |
| Transfers In | 0 | 48,000 | 48,000 | 0 |
| Other Fund: HCAF | | | | |
| Transfers Out | 0 | 48,000 | 48,000 | 0 |
| Transfers Out | 0 | (163,268) | 0 | 0 |
| Net Fiscal Impact | $0 | $0 | $0 | $0 |

## Recommendation

The Governor recommends adjusting current law transfers between the health care access fund and the General Fund by a net $115.268 million. The adjustment to the transfers effectively retains resources in the health care access fund such that the fund has a positive balance for the FY 2012-13 biennium rather than a deficit.

## Rationale

In the 2010 legislative session, several transfers were enacted in order to help fund the optional expansion of Medical Assistance eligibility for adults without children with incomes at or below 75% of the federal poverty guideline. These transfers shifted resources from the health care access fund to the general fund due to the shift in enrollment from MinnesotaCare (which is paid for by the health care access fund) to Medical Assistance (which is paid for by the General Fund). The health care access fund was balanced at the end of session, but faster-than-expected increases in MinnesotaCare enrollment led to a forecast deficit of $151.702 million for FY 2013 in the November 2010 forecast.

In order to balance the health care access fund, the Governor recommends reducing the $286.150 million total transfer out specified in current law by $163.268 million in FY 2013. Restoring solvency to the fund for FY 2013 causes the restoration of a $48 million transfer from the general fund to the health care access fund (specified in M.S. 16A.724) for FY 2013 and FY 2014. These actions result in a net reduction of $115.268 million to the total transfers out of the health care access fund that would otherwise occur in FY 2013.

**Statutory Change:** Laws 2010, 1st Special Session, Chapter 1, Article 25, Sec. 3, Subd. 6a

# Change Item: Tighten CD Tx Placement Criteria

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(3,653) | $(5,414) | $(5,493) | $(5,838) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund: HCAF | | | | |
| Expenditures | (8) | (11) | (9) | (5) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(3,661) | $(5,425) | $(5,502) | $(5,843) |

## Recommendation

The Governor recommends tightening placement criteria for admission into residential chemical dependency treatment programs in order to ensure appropriate use of this more intensive level of service. A general fund savings of $9.086 million is projected for the 2012-2013 biennium. As a result of this policy change there will be about 1,895 placements to outpatient chemical dependency treatment each year that would have otherwise been served in residential settings.

## Rationale

Current placement criteria allows for some clients to receive residential treatment when they would be able to benefit from a non-residential treatment combined with a board and lodging referral based upon their assessment areas of relapse and recovery environment. The proposed change would limit residential placements to only those persons scoring the highest severity scores in the assessment for these two categories. A change in these placement criteria would better align needs assessed with an appropriate placement at a reduced level of cost.

In 2008 the Department of Human Services promulgated new administrative rules governing the chemical dependency assessment and referral process. In the process of promulgating these rules the criteria for placement in residential settings was relaxed to allow admission of people assessed with somewhat lower levels of risk for relapse or continued use while in treatment or assessed to be exposed to a poor environment for recovery. Rule 9530.6622 sub. 5 and 6 allowed for individual persons assessed for CD treatment at a Risk Rating of three in these domains to be placed in residential programs. Removing this “option” would result in consistent placement in 24 hour care of only those assessed with the highest levels of risk.

As a result of this change, clients would only go into residential treatment settings if their risk for relapse or continued use was at a level where “the client has no coping skills to arrest mental health or addiction illnesses, or prevent relapse. The client has no recognition or understanding of relapse and recidivism issues and displays high vulnerability for further substance use disorder or mental health problems.” Or if their recovery environment was characterized as:

- a chronically antagonistic significant other, living environment, family, peer group, or long-term criminal justice involvement that is harmful to recovery or treatment progress; or
- the client has an actively antagonistic significant other, family, work, or living environment, with immediate threat to the client's safety and well-being.”

See Minnesota Rules, subparts 9530.6622 sub. 5 and 6:
https://www.revisor.mn.gov/data/revisor/rule/current/9530/9530.6622.pdf

**Statutory Change:** This proposal will require amendments in Minnesota Statutes chapter 254B.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (3,653) | (5,414) | (5,493) | (5,838) |
| Health Care Access Fund | | | (8) | (11) | (9) | (5) |
| **Total All Funds** | | | **(3,661)** | **(5,425)** | **(5,502)** | **(5,843)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| 100 | 35 | CD Entitlement Grants | (3,653) | (5,414) | (5,493) | (5,838) |
| 190 | 35 | CD Entitlement Grants | (8) | (11) | (9) | (5) |
| | | | | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(4,494) | $(4,991) | $(5,194) | $(5,606) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(4,494) | $(4,991) | $(5,194) | $(5,606) |

## Recommendation

The Governor recommends increasing the county share of chemical dependency treatment costs. A general fund savings of $9.485 million is projected for the 2012-2013 biennium. The county share of non-federal treatment costs is currently set in statute at 16.14% for Consolidated Chemical Dependency Treatment Fund (CCDTF) clients who are not enrolled in Medical Assistance. The Governor recommends increasing the county percent share to 22.95% in order to achieve the level of state savings shown above.

This change will be effective beginning with claims processed starting July 1, 2011.

## Rationale

Chemical dependency treatment placement decisions funded through the Consolidated Chemical Dependency Treatment Fund (CCDTF) are made at the local level, using objective criteria in processes governed by state statutes and administrative rule. Increasing the county share of costs for this care provides increased local incentives for judicious use of public treatment resources and reduces the state share of the cost of chemical dependency treatment.

Increasing the county share of service costs has the potential to decrease county assessment/referrals for substance use disorder treatment. This may in turn, reduce access to care for patients. The Department considered reductions to provider rates as an alternative to increasing the county share of costs. Further reductions to provider rates could drastically impact the sustainability of the essential provider structure. Over the past nine years providers have had four years of frozen rates, three years of reductions, and two years of rate increases at 2% and 3%. The Department is also in the process of implementing a new methodology for setting provider rates and it was felt that a reduction would further confuse the transition to the new rate system.

**Statutory Change:** This proposal will require amendments in Minnesota Statutes chapter 254B to adjust the county share of treatment costs.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | (4,494) | (4,991) | (5,194) | (5,606) |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **(4,494)** | **(4,991)** | **(5,194)** | **(5,606)** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| 100 | 35 | CD Entitlement Grants | (4,494) | (4,991) | (5,194) | (5,606) |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $(2,670) | $(2,713) | $(2,713) | $(2,713) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact | $(2,670) | $(2,713) | $(2,713) | $(2,713) |

## Recommendation

The Governor recommends closing one State-Operated Community Behavioral Health Hospital. A savings to the general fund of $5.383 million is projected for the 2012-2013 biennium. These actions will reduce the number of available sub-acute mental health inpatient beds available to persons with complex conditions and mental illness.

## Rationale

The Mental Health Services provided by the Minnesota Department of Human Services (DHS) State Operated Services presently includes services delivered at inpatient psychiatric hospitals, intensive residential treatment services (IRTS), and a variety of other service settings. Service sites are located throughout the State. Existing settings include Community Behavioral Health Hospitals (CBHH) in Alexandria, Annandale, Baxter, Bemidji, Fergus Falls, Rochester, St. Peter, and the Regional Treatment Center located in Anoka. Other service settings are located in Brainerd, Cambridge, St. Paul, Wadena, and Willmar.

DHS proposes to close the CBHH-Willmar serving adults with mental illness and complex conditions. The Department plans to move the Child & Adolescent Behavioral Health Services (CABHS) inpatient program, currently located on the former Willmar Regional Treatment Center Campus, to the vacated CBHH-Willmar space. Moving the CABHS program from the current space to the CBHH-Willmar space will allow for improvements in both patient safety and the delivery of services.

The target date for completion of these proposed changes is July 1, 2011.

This action will result in the reduction in 18.3 FTE's within State Operated Services.

**Statutory Change:** Rider

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | -2,670 | -2,713 | -2,713 | -2,713 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **-2670** | **-2713** | **-2713** | **-2713** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 90 | **Mental Health** | **-2,670** | **-2,713** | **-2,713** | **-2,713** |
| 100 | REV1 | **Revenue** | **0** | **0** | **0** | **0** |
| FTEs Requested | | | | | | |
| | | | -18.3 | -18.3 | -18.3 | -18.3 |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| Other Fund: Special Revenue | | | | |
| Expenditures | $27 | $0 | $0 | $0 |
| Expenditures | (27) | 0 | 0 | 0 |
| Net Fiscal Impact | $0 | $0 | $0 | $0 |

## Recommendation

The Governor recommends implementation of Medical Assistance reimbursement of children's residential mental health treatment services through the federal encounter rate for treatment of Indian children when the Indian tribe operates or contracts for the children's residential mental health treatment services. Since payments to tribes under the encounter rate are made entirely from federal funds, this proposal is budget neutral to the state.

## Rationale

Increasingly, Minnesota's tribes are taking a larger role in the design and delivery of mental health and social services for their members. Supporting this trend, this proposal will establish the use of encounter rate claim reimbursement for mental health care provided to member children in children's residential mental health treatment facilities either operated by or under contract with a Minnesota tribe or Indian Health Services.

Currently, counties are responsible for covering the costs of care and treatment in children's residential mental health facilities. When the child and facility are eligible for Medical Assistance and/or Title IV-E reimbursement, the county is able to recoup a portion of its cost through these federal reimbursement mechanisms. Allowing tribes to access additional federal Medicaid funding for children's residential mental health treatment of tribal members improves the tribes' standing in placement decision making and their ability to be actively involved in the care and treatment of their children. Also, since the tribes can bring 100% federal funding to the table as they partner with counties to provide residential treatment services for their members, counties will be relieved of paying for the non-federal share of treatment costs. Counties will still, however, generally be responsible for the non-treatment or foster care portion of placement costs.

Since Medicaid encounter claims for care provided through Tribes are paid entirely from federal funds, there are no anticipated ongoing state costs. The additional federal funds offset a current county responsibility, so there are also no state savings from this proposal. The proposal does include small one-time state costs associated with adjusting MMIS to handle the new claiming processes. The estimated total cost of the systems programming work is $27,000 in SFY2012. The Department has existing statutory authority (under M.S. 256B.0945) to withhold a portion of county federal earnings to cover its cost in administering this benefit. Since the counties will benefit financially from this change, the Department will exercise its authority to fund the systems cost from a portion of the county revenues.

**Statutory Change:** M.S. 256B.0625, subd. 41 and 256B.0945, subd. 4.

**DHS Fiscal Detail for Budget Tracking**

| Net Impact by Fund ($000s) | | | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|---|---|
| General Fund | | | | | | |
| Health Care Access Fund | | | | | | |
| Other Fund | | | 0 | | | |
| **Total All Funds** | | | **0** | **0** | **0** | **0** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 200 | 13 | Statutory Revenue | 27 | | | |
| 200 | 11 | Statutory Revenue Expenditure | (27) | | | |
| FTEs Requested | | | | | | |
| | | | | | | |

| Fiscal Impact ($000s) | FY 2012 | FY 2013 | FY 2014 | FY 2015 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $2,846 | $5,842 | $5,842 | $5,842 |
| Revenues | 285 | 584 | 584 | 584 |
| Net Fiscal Impact | $2,561 | $5,258 | $5,258 | $5,258 |

## Recommendation

The Governor recommends increasing General Fund appropriations for the Minnesota Sex Offender Program (MSOP) to address current estimates for increases in the number of commitments to MSOP. The Governor requests an increase in base funding of $2.846 million in FY 2012 and $5.842 million in FY 2013 for projected client growth in the FY 2012-2013 biennium. These appropriations will be offset by collections of $869,000; the net impact to the General Fund is $7.819 million for the biennium.

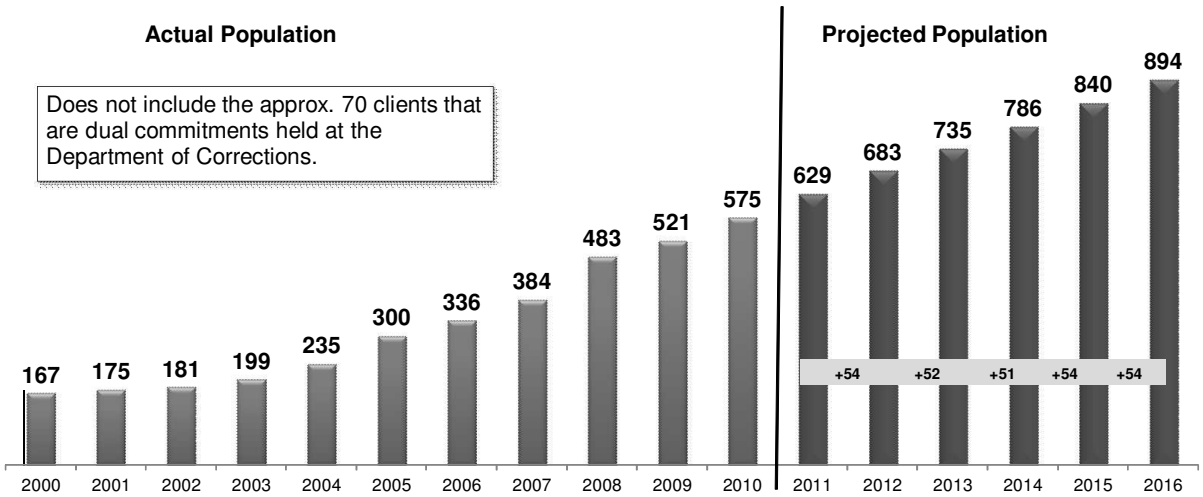
## Rationale

Minnesota Statutes, Chapter 253B, requires that the Department of Human Services (DHS) provide treatment to individuals who are civilly committed by the court system as sexually dangerous persons (SDP) or sexual psychopathic personalities (SPP). The Minnesota Sex Offender Program (MSOP) provides legally-required comprehensive and individualized sex offender treatment in secure facilities for individuals civilly committed by the courts.

Rates of commitment to the MSOP have been increasing since 2003. Under the current (November 2010) forecast, MSOP is expected to increase its census from 575 clients in FY 2011 (as of July 1, 2010) to 735 clients in FY 2013.

**MSOP Facility Population**

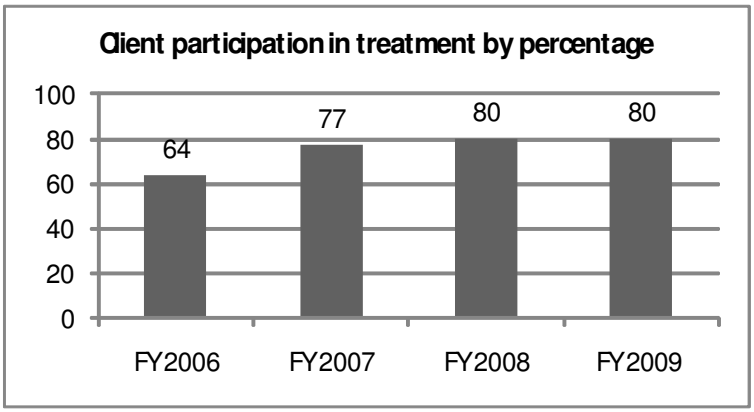
(July 1 each year)




**Based on current trends, current law, and current practices. (Nov 2010 Forecast)**

## Key Goals and Measures

MSOP treatment is individualized based upon the clinical needs, risk potential, and responsiveness to treatment, for all clients. Consistent with the research and standard clinical practices, MOSP provides integrated treatment including sex-offender-specific treatment, vocational and work opportunities, education, therapeutic recreation, and mental health services. To assess utilization of treatment services, 80% of population will be involved in sex offender treatment.




- Assessment measures and targets are currently being developed to asses similar participation trends in vocational, educational, and therapeutic recreational programming. These tools will be used to report on this data in the Annual Performance Report to the legislature, submitted in January of each year.

For more information on DHS performance measures, see http://departmentresults.state.mn.us/hs/index.html.

**Statutory Change:** Not Applicable

**DHS Fiscal Detail for Budget Tracking**

| **Net Impact by Fund ($000s)** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
|---|---|---|---|---|---|---|
| General Fund | | | 2,561 | 5,258 | 5,258 | 5,258 |
| Health Care Access Fund | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | | | **2,561** | **5,258** | **5,258** | **5,258** |
| **Budget Detail** | | | **FY 2012** | **FY 2013** | **FY 2014** | **FY 2015** |
| Fund | *New* BACT or Non-Ded REV | Description | | | | |
| 100 | 71 | **MSOP Appropriations-Growth** | **2,846** | **5,842** | **5,842** | **5,842** |
| 100 | REV | **MSOP Collections** | **(285)** | **(584)** | **(584)** | **(584)** |
| | | | | | | |
| FTEs Requested | | | | | | |
| 100 | 71 | Additional positions needed for growth | 28 | 28 | 28 | 28 |
| | | | | | | |

## Program Description

The purpose of the Central Office Operations is to combine the activities that provide department management, infrastructure, technology, and program administration in the Department of Human Services.

## Budget Activities

This program includes the following budget activities:

- Finance & Management
- Children & Families
- Health Care
- Continuing Care
- Chemical & Mental Health

# HUMAN SERVICES DEPT

## Program: CENTRAL OFFICE OPERATIONS

Program Summary

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 142,350 | 135,471 | 135,111 | 135,111 | 270,222 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | (2,417) | (2,417) | (4,834) |
| Current Law Base Change | | | (1,400) | (1,725) | (3,125) |
| Operating Budget Reduction | | | (249) | (249) | (498) |
| Transfers Between Agencies | | | 77 | 77 | 154 |
| Subtotal - Forecast Base | 142,350 | 135,471 | 131,122 | 130,797 | 261,919 |
| **Governor's Recommendations** | | | | | |
| Operating Budget Reduced: Central Office | | 0 | (4,615) | (4,615) | (9,230) |
| Restructure Licensing Fees | | 0 | (3,000) | (3,000) | (6,000) |
| Licensing Fees for Background Studies | | 0 | (1,000) | (1,000) | (2,000) |
| Combine & Restructure EGA & EMSA | | 0 | 10 | 0 | 10 |
| Child Care Assistance Program Changes | | 0 | 168 | 0 | 168 |
| Increase Child Support Cost Recovery Fee | | 0 | (519) | (1,100) | (1,619) |
| Managing Elderly Waiver & AC Programs | | 0 | 110 | 101 | 211 |
| Low Needs NF Case Mix | | 0 | 111 | 101 | 212 |
| Reduce Certain Congregate Living Rates | | 0 | 453 | 500 | 953 |
| Reduce Provider Rates & Grants | | 0 | 200 | 200 | 400 |
| Modify Non-Rate Payments | | 0 | 3 | 0 | 3 |
| Increase MA-EPD Premium and Cost Share | | 0 | 0 | 110 | 110 |
| Federal Compliance: Program Integrity | | 0 | 206 | 185 | 391 |
| MA Electronic Health Record Incentives | | 0 | 319 | 86 | 405 |
| Leverage Federal Systems Funding | | 0 | 900 | 1,600 | 2,500 |
| Evidence-Based Childbirth Program | | 0 | 144 | 114 | 258 |
| Rehab Service Coverage & PA Changes | | 0 | 597 | 233 | 830 |
| Modify Third Party Liability Processes | | 0 | (108) | (108) | (216) |
| Modify Pharmacy Reimbursement Method | | 0 | 98 | 87 | 185 |
| Payment of Medicare Crossover Claims | | 0 | 5 | 0 | 5 |
| Reduce Rates for Transportation Services | | 0 | 2 | 0 | 2 |
| **Total** | **142,350** | **135,471** | **125,206** | **124,291** | **249,497** |
| **State Government Spec Revenue** | | | | | |
| Current Appropriation | 565 | 565 | 565 | 565 | 1,130 |
| Subtotal - Forecast Base | 565 | 565 | 565 | 565 | 1,130 |
| **Governor's Recommendations** | | | | | |
| Restructure Licensing Fees | | 0 | 3,000 | 3,000 | 6,000 |
| **Total** | **565** | **565** | **3,565** | **3,565** | **7,130** |
| **Health Care Access** | | | | | |
| Current Appropriation | 34,594 | 34,429 | 34,429 | 34,429 | 68,858 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 194 | 837 | 1,031 |
| Subtotal - Forecast Base | 34,594 | 34,429 | 34,623 | 35,266 | 69,889 |
| **Governor's Recommendations** | | | | | |
| End MnCare for Adults Above 200% FPG | | 0 | (18) | (187) | (205) |
| Repeal Unapproved MA Bridge Program | | 0 | (508) | (612) | (1,120) |
| Repeal Unapproved MnCare Changes | | 0 | (67) | (222) | (289) |
| **Total** | **34,594** | **34,429** | **34,030** | **34,245** | **68,275** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 718 | 2,382 | 2,382 | 2,382 | 4,764 |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| Subtotal - Forecast Base | 718 | 2,382 | 2,382 | 2,382 | 4,764 |
| **Total** | **718** | **2,382** | **2,382** | **2,382** | **4,764** |
| **Lottery Cash Flow** | | | | | |
| Current Appropriation | 151 | 153 | 153 | 153 | 306 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 4 | 4 | 8 |
| Subtotal - Forecast Base | 151 | 153 | 157 | 157 | 314 |
| **Total** | **151** | **153** | **157** | **157** | **314** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 98,354 | 99,771 | 87,034 | 86,119 | 173,153 |
| State Government Spec Revenue | 551 | 579 | 3,565 | 3,565 | 7,130 |
| Health Care Access | 27,844 | 32,711 | 29,591 | 29,806 | 59,397 |
| Federal Tanf | 1,909 | 2,382 | 2,382 | 2,382 | 4,764 |
| Lottery Cash Flow | 151 | 153 | 157 | 157 | 314 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 144,508 | 146,211 | 141,917 | 142,831 | 284,748 |
| Federal | 24,809 | 25,111 | 21,570 | 20,363 | 41,933 |
| Federal Stimulus | 178 | 144 | 0 | 0 | 0 |
| Gift | 14 | 41 | 10 | 10 | 20 |
| **Total** | **298,318** | **307,103** | **286,226** | **285,233** | **571,459** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 185,331 | 181,307 | 180,286 | 179,315 | 359,601 |
| Other Operating Expenses | 112,367 | 125,751 | 109,687 | 109,695 | 219,382 |
| Payments To Individuals | 0 | 45 | 30 | 0 | 30 |
| Local Assistance | 620 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | (3,777) | (3,777) | (7,554) |
| **Total** | **298,318** | **307,103** | **286,226** | **285,233** | **571,459** |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Activity*** | | | | | |
| Finance & Management | 81,882 | 82,366 | 74,744 | 74,358 | 149,102 |
| Children & Families | 96,054 | 97,264 | 94,145 | 94,293 | 188,438 |
| Health Care | 82,892 | 87,142 | 80,943 | 82,257 | 163,200 |
| Continuing Care | 28,935 | 29,115 | 25,782 | 23,414 | 49,196 |
| Chemical & Mental Health | 8,555 | 11,216 | 10,612 | 10,911 | 21,523 |
| **Total** | **298,318** | **307,103** | **286,226** | **285,233** | **571,459** |
| ***Full-Time Equivalents (FTE)*** | **2,262.6** | **2,256.4** | **2,198.1** | **2,162.9** | |

## Activity at a Glance

Regulates 24,500 licensed programs and investigates 950 maltreatment allegations annually.

Conducts 251,500 background studies each year.

Conducts 8,900 administrative fair hearings per year.

Annually responds to more than 500 data privacy inquiries.

- Sets the strategic information technology and facilities management direction for the department.
- Provides facility planning, design, construction, and lease management services.
- Establishes agency-wide information security governance, risk, and compliance activities, including security policy, and risk assessment.

Develops and manages $23.7 billion biennial budget for FY 2010-2011.

Processes approximately $6.5 billion in annual receipts.

Develops financial reports and analyses for approximately 300 grant programs.

Prepares expenditure forecasts for more than 10 agency programs with state expenditures of $4.6 billion in FY 2011.

Provides human resource support to 6,100 full-time equivalent DHS employees located across the state, covered by seven labor contracts/plans.

Provides personnel services to human services agencies in 73 counties with 3,800 employees covered by 59 labor contracts.

Responds to 850 media contacts annually.

Develops or approves content for DHS web sites, which contain 36,000 pages.

## Activity Description

Finance and Management provides both internal operational support and direct program services for the department. Core services include: contract management, fair hearings, program licensing, internal auditing, legal support, information and technology support, facility management, financial management, reports and program forecasting, and human resources.

Finance and Management consists of a number of offices including: Compliance Office; Chief Information Office; Chief Financial Operations Office; Human Resources; Equal Opportunity Office; Enterprise Architecture; Office of Management, Support and Development; and the Commissioner's Office.

## Population Served

Finance and Management offices support all the department's program areas, virtually all agency clients, businesses, and human services providers are served directly or indirectly by the functions of the business area.

## Services Provided

**Compliance Office**

The compliance office consists of four divisions which provide both direct services to program recipients/providers as well as department-wide operational support. The four divisions include:

**Appeals and Regulations Division**

- manages grants and contracts for department services;
- conducts administrative fair hearings for applicants and recipients of services whose benefits have been denied, reduced, or terminated;
- resolves appeals by applicants denied licenses or by providers whose licenses are suspended or revoked; and
- addresses appeals by Medical Assistance (MA) and General Assistance Medical Care service providers, principally MA long-term care payment rate appeals.

**Licensing Division**

- licenses, monitors, and investigates human services programs, including issuing approximately 2,800 new licenses annually;
- issues approximately 1,080 licensing sanctions per year;
- conducts approximately 251,500 background studies on people who provide direct contact services in programs licensed by DHS and the Minnesota Department of Health (MDH);
- investigates approximately 1,600 complaints about the quality of services provided in licensed programs, including approximately 950 investigations of abuse or neglect of children and vulnerable adults; and
- processes approximately 2,100 requests for administrative reconsideration of disqualifications based on background study information, maltreatment investigation findings, and licensing actions.

**Internal Audits Office**

- evaluates the department's system of internal controls, conducting management-requested operational and program evaluation reviews, and auditing counties, grantees, contractors, and vendors for fiscal and compliance requirements;

- conducts eligibility reviews of Medical Assistance (MA) and State Children's Health Insurance Program (SCHIP) enrollees for the federally mandated Payment Error Rate Measurement program; and
- conducts federally required audits of the Child Care Assistance program.

**Legal Management Office**

- manages the department's relationship with the Attorney General's Office;
- ensures compliance with the Minnesota Government Data Practices Act (MGDPA) and the federal Health Insurance Portability & Accountability Act (HIPAA); and
- provides support to the department and to the Attorney General's Office in handling complex litigation.

**Office of the Chief Information Officer**

This office provides agency-wide technology planning and support as well as administrative support functions such as facilities management and purchasing. The office

- provides strategic planning and technical expertise to DHS program areas and counties on the use of technology in serving clients better;
- manages the DHS technology infrastructure and manages all elements of the network, remote access solutions, and information technology services (ITS)-supported servers;
- provides desktop software and hardware and desktop support services such as data storage and backup, virus control, and help desk;
- develops and maintains information security and standards;
- coordinates facility planning, design, and management;
- provides physical building access controls and security;
- oversees agency inventory and property management;
- provides agency purchasing services, vendor management, and commodity contracts; and
- maintains the department's public, internal, and county web sites.

**Chief Financial Operations Office**

This office forecasts program expenditures and revenues, prepares reports and analyses of expenditures and revenues, and prepares fiscal notes projecting the effects of policy changes. Specific activities include

- providing oversight and strategic direction to all agency financial issues and financial operations;
- directing the agency's budget development process to produce deliverables required by the Minnesota Department of Management and Budget (MMB), including the Governor's biennial and supplemental budgets;
- managing communications with the legislature as related to the agency's budget and budget proposals;
- carrying out the full range of accounting and financial management functions for the agency, including: budgeting and accounting transactions; budget and cost allocation; payroll and accounts payable; accounts receivable; receipts center; accounting payments through major systems: MMIS (health care provider payments); MAXIS (economic assistance payments to families); MEC2 (payments to children care providers); PRISM (pass-through child support receipts and payments); accounting for grants and allocations to counties and providers, and time studies and rates;
- forecasting enrollment and expenditures in MA, MinnesotaCare, GAMC, Alternative. Care, MFIP, Child Care, GA, GRH, and MSA for state budget purposes;
- conducting fiscal analysis for fiscal notes and to support the proposal development process, including analyses of changes to federal laws;
- producing statistical and fiscal reports for federal programs;
- administering the Parental Fee Program; and
- developing and managing fiscal policies and strategies to support policy objectives, meet changing federal requirements, and ensure fiscal accountability.

**Human Resource Office**

This office provides centralized human resources management services for all Department of Human Services (DHS) management and staff at the state level and staff of 73 county human services agencies through the Minnesota Merit System. Specific activities include:

- workforce planning, recruitment, assessment, selection, redeployment, compensation, classification, performance management, and HR-related training;
- labor contract administration, employee misconduct investigations, disciplinary actions, grievance handling/arbitration, and negotiations of supplemental agreements and memoranda of understanding;
- health, safety, workers compensation, and business continuity planning; and

- radiological emergency preparedness and management of the nuclear generating plant emergency reception centers.

**Equal Opportunity Office**
This office helps the department to develop a diverse workforce, which is able to provide effective, non-discriminatory services, programs, and policies. Specific activities include
- development of a culturally competent workforce through targeted recruitment, staff development opportunities, and affirmative action plan implementation; and
- enforcement of equal employment opportunity through investigations of complaints, development of policies and procedures, and coordination of issues related to the Americans with Disabilities Act.

**Enterprise Architecture Office**
This office is in the development phase of a strategic plan to transform the department's business architecture, to modernize current business systems, to bring focus to those systems which are core to the department, and to align the department, using best practices, in order to accomplish the department's mission.

**Office of Management, Support and Development (OMSD)**
This office provides agency level support for a number of key functions such as training, organizational development, project management, and performance measures. Specific activities include
- improving organizational effectiveness through training, leadership development, and coaching;
- providing team building and consulting on employee engagement;
- providing agency-level project management in support of agency projects and priorities;
- leading agency-level coordination of performance measurement for DHS priorities, the Annual County Performance Report, and performance/metric reporting; and
- facilitating survey development and administration, administrative policy coordination, and strategic planning coordination.

**Commissioner's Office**
This office supports the commissioner in the work done to meet the agency priorities and to serve those individuals who meet the qualifications for the various programs operated through the department. The office serves as the agency point of contact for the media, manages data requests from the media, writes news releases, and assists in developing the agency publications. Additionally, this office coordinates the legislative process for the agency.

## Historical Perspective

**Compliance Office**
The fair hearings function in the Appeals and Regulations Division was initially focused on hearings for applicants and recipients of DHS health care and welfare benefits. However, the number of hearings has increased significantly over time, and the nature of hearings has changed from relatively simple, single-issue eligibility appeals to more complicated medical and social services appeals. The fair hearings function has also assumed responsibility for certain licensing and provider appeals and review of child and vulnerable adult maltreatment determinations.

In 1991, the Licensing Division assumed responsibility for developing a background study system following legislative action. In 1995 and 2001, the legislature expanded DHS' responsibility to include background studies on people providing services in programs licensed by the Minnesota Department of Health and the Minnesota Department of Corrections. In 2007, the legislature transferred responsibility for conducting background studies for child foster care from the counties to DHS and added responsibility to the Licensing Division for conducting background studies for adoptions (compliance with federal Adam Walsh requirements). In 1995, the legislature transferred responsibility for many vulnerable adult maltreatment investigations from counties to DHS and, in 1997, transferred certain responsibility for maltreatment of minors investigations from counties to DHS.

The Internal Audits Office was established in November 1995 to provide the department with an independent evaluation of its operations and to coordinate mandatory audit requirements for federal program funds. The office has developed a computer forensic service to assist DHS' Human Resources Division and other state agencies in personnel investigations. In 2009, a program evaluation function was added to provide more objective analysis of department programs and internal processes.

The department's Legal Management Office is responsible for ensuring DHS' implementation of, and compliance with, the federal Health Insurance Portability & Accountability Act (HIPAA) privacy regulations.

All aspects of the Compliance Office have been affected significantly by two trends

- more and faster-changing types of service models, which challenge traditional licensing and regulatory approaches; and
- the demands of clients, business partners, and DHS staff for increased use of electronic systems to share information and transact business.

**Office of the Chief Information Officer**

In 1995, the Chief Information Officer (CIO) position was established to lead DHS information technology (IT) and related strategic planning within the department. In a span of a few years, the IT organization broadened in scope and maturity. In 2003, the Chief Information Security position was established to provide leadership in overseeing DHS' successful implementation of and compliance with federal and state security regulations and policy. That same year the first DHS IT Strategic Plan was issued; it presents the business technology mission, vision, and goals for DHS IT and outlines strategies and action programs to accomplish the goals.

Within facilities management, flexibility and cost-effectiveness continue to be the vision over the next several years. In 2005-2006, DHS consolidated its primary central office workspace into facilities designed and constructed with an eye toward meeting the needs of the future workforce. The buildings were developed with flexibility to efficiently support moves and changes. Infrastructure has been designed to provide reliable and energy-efficient building systems. Automated building access controls provide timely handling of changing business needs. Sourcing systems and procurement processes are similarly designed to support a geographically distributed enterprise efficiently while providing appropriate controls.

**Office of the Chief Financial Officer**

The past 25 years have brought significant increases in the complexity of program funding and budgeting rules. Most recently, changes to General Assistance Medical Care (GAMC), multiple sources of federal stimulus funding, and federal health care reform are creating new challenges that impact accounting, reporting, forecasting, and fiscal analysis functions. Expectations have also increased for the use of electronic transfers of funds among DHS business partners. Financial Operations has responded by making greater use of technology. The department has developed and maintained electronic interfaces between computer systems within the department and between DHS, statewide, and county systems.

**Human Resources**

For human resources management, the aging workforce and labor shortages in highly skilled clinical positions (e.g., nurse practitioners, psychiatrists, licensed psychologists, and pharmacists) require that DHS continues to recruit even while staffing reductions are occurring in other areas. This results in additional complexity and the need for more creative planning efforts. Over the past few years significant transitions have also occurred in State Operated Services from large institutions to small, community-based facilities and services; these continuing efforts result in further re-evaluation and restructuring of human resource service delivery options.

**Enterprise Architecture**

This office was created at the beginning of 2010 to develop the "blueprint" which identifies how all parts of the agency work together to serve the ultimate end goal which is the best service possible for its clients.

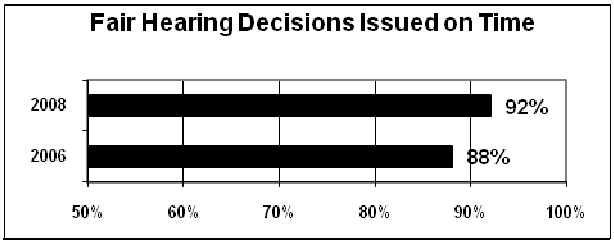
**Office of Management, Supports and Development**

The office was created in 2008 to support DHS management in achieving program and operational goals through improved coordination and support at an agency-wide level.

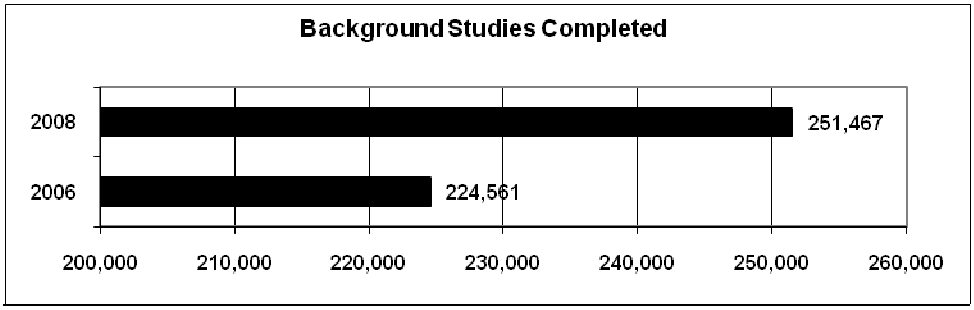
## Key Activity Goals & Measures

**Compliance Office**

- **Improve delivery of legal and regulatory services to ensure system integrity and legal compliance.**
  - Percentage of final decisions in fair hearings issued within statutory deadlines. The department is required to issue final decisions for fair hearings within statutory deadlines. In FY 2006 and FY 2008, the department met the statutory deadline in 88% and 92% of the cases, respectively.

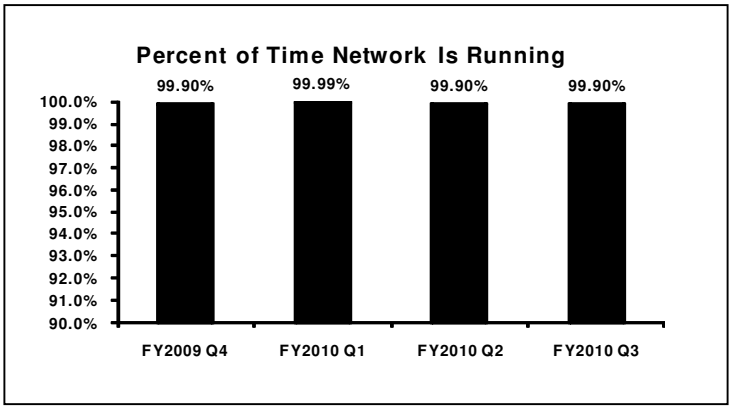



- Number of background studies completed for individuals who have direct contact with clients.



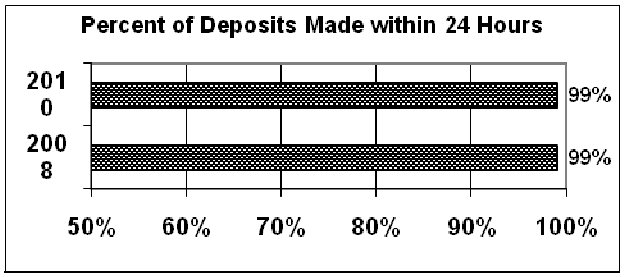

**Office of the Chief Information Officer**

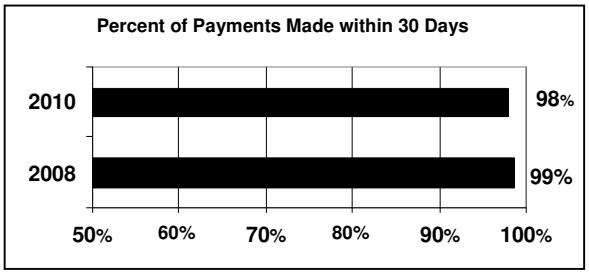
- ***Service Delivery:*** *Make it easier to deliver quality human services.*
- ***Governance:*** *Ensure that technology resources are assigned to those projects that will meet business goals.*
- ***Workforce:*** *Develop and support a workforce to maximize technology benefits.*
- ***Operations****: Make it easier to manage processes and support people.*
- ***Percentage of time that the department's network was up and running.*** By keeping network services up and running a very high percentage of the time, technology operations is providing stable and reliable networking services so that DHS can efficiently and effectively provide human services.




**Office of the Chief Financial Officer**

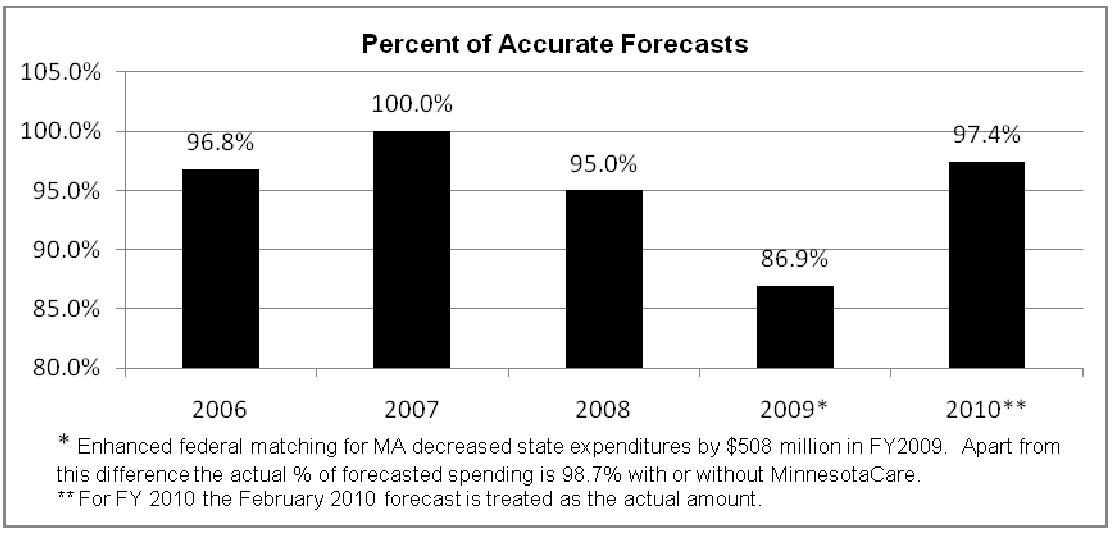
- **Ensure appropriate stewardship of public funds and maintain the highest accounting standards through DHS fiscal policies and processes.**
  - ***Percentage of receipts volume deposited within 24 hours.*** The department is required to make timely deposits. Infrequently, a check must be held longer than 24 hours because follow-up identification is required with the payee. *Of the total receipts volume in FY 2010, at least 99% were deposited within 24 hours.*
  - ***Percentage of accounts payable volume paid within 30 days.*** The department is required to make timely payments. *Of the total payment volume in FY 2010, the department made 97.9% of the payments within 30 days.*



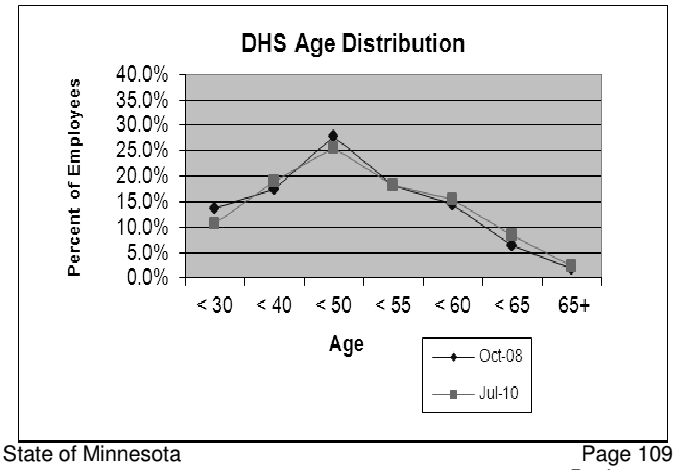

- ***Forecast accuracy: actual expenditures compared with forecasted expenditures.*** Effective financial management requires accurate expenditure forecasts. Forecast accuracy is measured as actual expenditures (forecasted programs only) in a given year compared with the expenditures that were forecasted at the end of the legislative session that preceded the fiscal year. Forecasted programs include Medical Assistance, General Assistance Medical Care, MinnesotaCare, Minnesota Family Investment Program, Diversionary Work Program, Child Care Assistance Program, General Assistance, Group Residential Housing, Minnesota Supplemental Aid, and the Consolidated Chemical Dependency Treatment Fund.

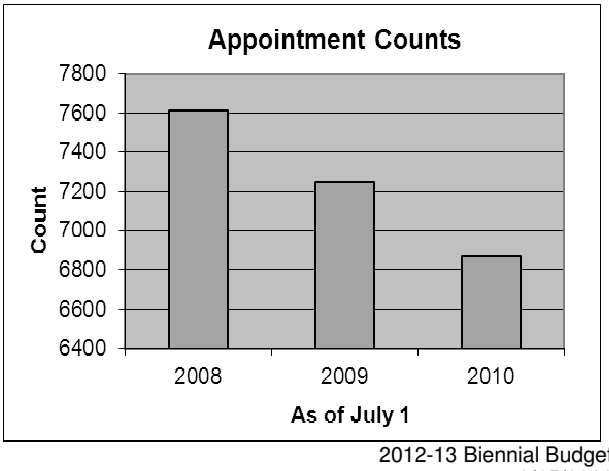
  **Data in this graph was with reference to General Fund Programs, excluding MinnesotaCare.**



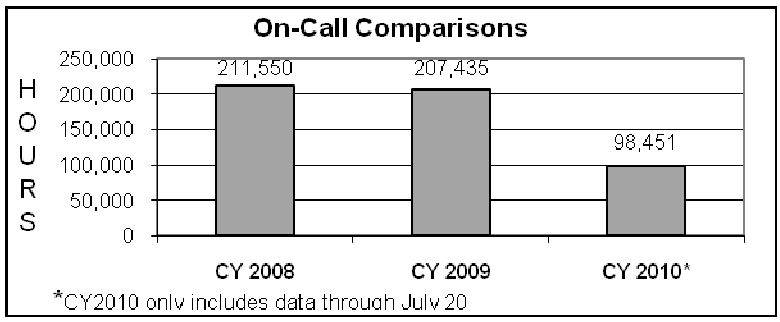

**Human Resources**

- **Create a flexible, efficient human resources system that meets the needs of managers and supervisors in a high-quality and timely manner.** DHS has an aging workforce and at the same time is reducing the total number of employees in active status as outlined in the following charts. This requires increased staffing utilization review to ensure human resources are used effectively.



The aging and reduced workforce has also resulted in reviewing and reducing other expenditures such as the number of hours that staff members are paid for on-call purposes.




**Equal Opportunity**

- *Reduce disparities in service access and outcomes for racial and ethnic populations.*
- *Improve service delivery through organizational effectiveness, cultural competency, and employee engagement.*

**Office of Management Support and Development**

- *Implementation of agency strategic initiatives.*
- *A results management framework consisting of outcome and performance reporting.*
- *Tools for a framework that maximizes management and leadership capacity for improved employee engagement.*

For more information on DHS performance measures, see
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm

## Activity Funding

Finance and Management is funded with a combination of appropriations from the General Fund, health care access fund, state government special revenue fund, and federal funds. The General Fund is the single largest funding source for this budget activity.

The Licensing Division is of special note as its operations are funded not only by appropriations but also by fees generated from the completion of background studies.

## Contact

For more information about the offices within Finance and Management, please contact the following numbers:

Compliance Office

- Chief Compliance Officer (651) 431-2924
- Appeals and Regulations Office (651) 431-3600
- Internal Audits Office (651) 431-3619
- Licensing Office (651) 296-3971

| | |
|---|---|
| Office of the Chief Information Officer | (651) 431-2110 |
| Office of the Chief Financial Officer | (651) 431-3725 |
| Human Resources | (651) 431-2999 |
| Equal Opportunity | (651) 431-3037 |
| Enterprise Architecture | (651) 431-2908 |
| Office of Management Support and Development | (651) 431-4650 |

Information on DHS programs is on the department's Web site: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: CENTRAL OFFICE OPERATIONS
Activity: FINANCE & MANAGEMENT

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 96,507 | 86,784 | 86,784 | 86,784 | 173,568 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | (2,567) | (2,567) | (5,134) |
| Current Law Base Change | | | 1,579 | 1,579 | 3,158 |
| Operating Budget Reduction | | | (249) | (249) | (498) |
| Subtotal - Forecast Base | 96,507 | 86,784 | 85,547 | 85,547 | 171,094 |
| **Governor's Recommendations** | | | | | |
| Operating Budget Reduced: Central Office | | 0 | (4,615) | (4,615) | (9,230) |
| Restructure Licensing Fees | | 0 | (3,000) | (3,000) | (6,000) |
| Licensing Fees for Background Studies | | 0 | (1,000) | (1,000) | (2,000) |
| Combine & Restructure EGA & EMSA | | 0 | 10 | 0 | 10 |
| Child Care Assistance Program Changes | | 0 | 168 | 0 | 168 |
| Increase Child Support Cost Recovery Fee | | 0 | (519) | (1,100) | (1,619) |
| Reduce Certain Congregate Living Rates | | 0 | 3 | 0 | 3 |
| Modify Non-Rate Payments | | 0 | 3 | 0 | 3 |
| MA Electronic Health Record Incentives | | 0 | 319 | 86 | 405 |
| Leverage Federal Systems Funding | | 0 | 900 | 1,600 | 2,500 |
| Evidence-Based Childbirth Program | | 0 | 4 | 0 | 4 |
| Rehab Service Coverage & PA Changes | | 0 | 577 | 0 | 577 |
| Payment of Medicare Crossover Claims | | 0 | 5 | 0 | 5 |
| Reduce Rates for Transportation Services | | 0 | 2 | 0 | 2 |
| **Total** | **96,507** | **86,784** | **78,404** | **77,518** | **155,922** |
| **State Government Spec Revenue** | | | | | |
| Current Appropriation | 440 | 440 | 440 | 440 | 880 |
| Subtotal - Forecast Base | 440 | 440 | 440 | 440 | 880 |
| **Governor's Recommendations** | | | | | |
| Restructure Licensing Fees | | 0 | 3,000 | 3,000 | 6,000 |
| **Total** | **440** | **440** | **3,440** | **3,440** | **6,880** |
| **Health Care Access** | | | | | |
| Current Appropriation | 10,955 | 11,508 | 11,508 | 11,508 | 23,016 |
| Subtotal - Forecast Base | 10,955 | 11,508 | 11,508 | 11,508 | 23,016 |
| **Governor's Recommendations** | | | | | |
| End MnCare for Adults Above 200% FPG | | 0 | 49 | 0 | 49 |
| **Total** | **10,955** | **11,508** | **11,557** | **11,508** | **23,065** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 222 | 222 | 222 | 222 | 444 |
| Subtotal - Forecast Base | 222 | 222 | 222 | 222 | 444 |
| **Total** | **222** | **222** | **222** | **222** | **444** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |

# HUMAN SERVICES DEPT
## Program: CENTRAL OFFICE OPERATIONS
Activity: FINANCE & MANAGEMENT

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| General | 53,248 | 51,391 | 40,232 | 39,346 | 79,578 |
| State Government Spec Revenue | 431 | 454 | 3,440 | 3,440 | 6,880 |
| Health Care Access | 6,043 | 8,556 | 7,118 | 7,069 | 14,187 |
| Federal Tanf | 100 | 222 | 222 | 222 | 444 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 20,816 | 20,451 | 22,440 | 22,989 | 45,429 |
| Federal | 1,244 | 1,292 | 1,292 | 1,292 | 2,584 |
| **Total** | **81,882** | **82,366** | **74,744** | **74,358** | **149,102** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 48,698 | 45,570 | 45,938 | 45,937 | 91,875 |
| Other Operating Expenses | 33,181 | 36,796 | 32,583 | 32,198 | 64,781 |
| Local Assistance | 3 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | (3,777) | (3,777) | (7,554) |
| **Total** | **81,882** | **82,366** | **74,744** | **74,358** | **149,102** |
| ***Full-Time Equivalents (FTE)*** | **572.5** | **570.8** | **539.6** | **530.2** | |

## Activity at a Glance

- Develops policy for children's and economic assistance programs.
- Provides administrative support to child welfare and children's mental health grantees.
- Works with counties, tribes, and other providers to implement best practices.
- Provides training and technical assistance to direct service providers.
- Implements federal changes.
- Provides benefits to more than 736,800 people through MAXIS each month.
- Provides child support services to 398,000 custodial and non-custodial parents and 252,000 children annually.
- Provides child care assistance to more than 33,700 children through MEC$^2$ monthly.
- Provides data support for services to 4,892 children who are determined to be victims of abuse or neglect and 11,700 children in out-of-home placements annually.
- Tracks services to 347,000 clients in 82,000 child welfare-related and 139,905 adult services cases annually through SSIS.

## Activity Description

Children & Families central office operations provide policy development, program implementation, grants management, training, and technical assistance to counties, tribes, and grantees. This activity provides administrative support for programs serving children and families that are funded through the agency's Forecasted Programs and Grant Programs. The Children & Families Operations activity also provides the computer systems and quality assurance infrastructure necessary to deliver services for children and families.

## Population Served

This activity supports services that are provided to:

- families and individuals who receive economic assistance;
- children who receive child support enforcement services;
- families who receive child care assistance services;
- children who are at risk of abuse or neglect, in out-of-home placements, in need of adoption, under state guardianship, or have an emotional disturbance and need mental health services; and
- direct service workers in 87 counties who receive policy assistance, technical support, and training.

The Operations section serves:

- Minnesotans who receive economic assistance benefits through MAXIS;
- families who receive child care assistance services through Minnesota Electronic Child Care System (MEC2), which is part of MAXIS;
- children who receive child support enforcement services through PRISM;
- families and children who receive social services through Social Service Information System (SSIS); and
- state and county workers, who use MAXIS, PRISM, and MEC2, and county social service workers who use SSIS.

## Services Provided

Central Office Operations for Children and Families:

- provides technical support and policy interpretation for 87 county human services agencies through training, instructional manuals, policy assistance, and system support help desks;
- assists with case management;
- implements and monitors grant projects;
- conducts pilot programs to improve service delivery and outcomes;
- implements policy changes and develops and analyzes legislation;
- administers social services, cash assistance, and employment services to refugees;
- assures and documents compliance with state and federal laws;
- conducts quality assurance reviews of county practices; and
- manages intergovernmental relations.

Operations include:

- operating and maintaining the eligibility and delivery systems for Food Support, General Assistance, Minnesota Supplemental Aid, Minnesota Family Investment Program (MFIP), Diversionary Work Program, Child Care Assistance Program, Medical Assistance (MA), General Assistance Medical Care, Group Residential Housing, Minnesota Food Assistance Program, and Emergency General Assistance;
- collecting and distributing child support payments, locating absent parents, establishing paternity, and enforcing court orders;
- conducting federally mandated quality control reviews, payment accuracy assessments, and administrative evaluations for MFIP, Food Support, MA, and child support;

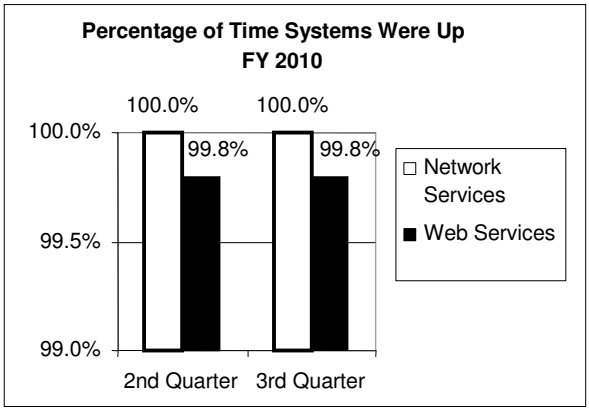
- administering the Electronic Benefit Transfer (EBT) system;
- providing centralized mailing of benefits, forms, and legal notices to clients;
- managing program integrity (fraud prevention) and control functions;
- collecting and analyzing data trends and activities that determine program effectiveness, establish program error levels to prevent recipient fraud, and support long-range planning;
- managing claims and recoveries of overpayments for the cash public assistance program, including the Treasury Offset Program;
- supporting county social service workers by automating routine tasks, helping determine client needs, and providing timely information on children who have been maltreated, are in out-of-home placement, or who are awaiting adoption; and
- managing and overseeing counties' work in child protection, out-of-home placement, adoption, and foster care services.

## Key Activity Goals & Measures

- ***Improve outcomes for the most at-risk children.*** The department is taking steps to implement and evaluate new service approaches for the most at-risk children and their families. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG). Working with others, the department will provide early and targeted services to children in Minnesota who are at greatest risk for poor outcomes, including those who are homeless, disabled, teenage parents, in child protection, or in deep or persistent poverty. By identifying these at-risk children, building partnerships and service networks, and implementing targeted, coordinated, and integrated services, children's lives will improve. They will also be better prepared for a healthy and productive adulthood.
- ***Service delivery:*** Make it easier to deliver quality human services.
- ***Operations:*** Make it easier to manage processes and support people.

Key measures are

- ***Percentage of time that key systems are up and running.*** For the last two quarters, the percentages of time systems were up and running ranged from 99.8% to 100.0% of the time.




For additional key measures, see the key measures for Forecasted Programs and Grant Programs.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Children & Families central office operations is funded primarily with appropriations from the general fund and from federal funds. The operations section is also funded in part with appropriations from the health care access fund.

## Contact

For more information, contact the Children and Family Services Administration, (651) 431-3830.
For more information on Children & Families Operations, contact:

- Child Support Enforcement Division (651) 431-4400
- Transition Support Services Division (651) 431-4101
- SSIS (651) 431-4800 Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: CENTRAL OFFICE OPERATIONS
Activity: CHILDREN & FAMILIES

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 9,687 | 9,239 | 9,239 | 9,239 | 18,478 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (12) | (12) | (24) |
| Subtotal - Forecast Base | 9,687 | 9,239 | 9,227 | 9,227 | 18,454 |
| **Total** | **9,687** | **9,239** | **9,227** | **9,227** | **18,454** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 496 | 2,160 | 2,160 | 2,160 | 4,320 |
| Subtotal - Forecast Base | 496 | 2,160 | 2,160 | 2,160 | 4,320 |
| **Total** | **496** | **2,160** | **2,160** | **2,160** | **4,320** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 9,145 | 8,795 | 9,227 | 9,227 | 18,454 |
| Federal Tanf | 1,809 | 2,160 | 2,160 | 2,160 | 4,320 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 76,168 | 75,030 | 73,647 | 73,916 | 147,563 |
| Federal | 8,754 | 11,135 | 9,111 | 8,990 | 18,101 |
| Federal Stimulus | 178 | 144 | 0 | 0 | 0 |
| **Total** | **96,054** | **97,264** | **94,145** | **94,293** | **188,438** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 52,980 | 49,481 | 48,629 | 48,412 | 97,041 |
| Other Operating Expenses | 43,026 | 47,738 | 45,486 | 45,881 | 91,367 |
| Payments To Individuals | 0 | 45 | 30 | 0 | 30 |
| Local Assistance | 48 | 0 | 0 | 0 | 0 |
| **Total** | **96,054** | **97,264** | **94,145** | **94,293** | **188,438** |
| ***Full-Time Equivalents (FTE)*** | **607.1** | **605.1** | **596.0** | **586.9** | |

## Activity at a Glance

- FY 2009, approximately 707,000 Minnesotans were enrolled in Minnesota's publicly-funded health care programs.
- Central office operations work directly with 108,000 health care providers.
- Central office operations work directly with financial and social services staff in Minnesota's 87 counties.
- The MMIS system processes 60.7 million fee-for-service encounter claims and health plan capitation payments per year.

## Activity Description

The Health Care Administration and the Office of the Medicaid Director central office operations are responsible for developing and implementing health care policy for publicly-funded health care programs.

Operational activities include providing the infrastructure necessary for effective and efficient health care purchasing and delivery for health care grants. This includes administering the Medicaid Management Information System (MMIS), a centralized medical payment system. It also supports other department functions, including administering managed care contracts, conducting eligibility determinations, and conducting quality improvement and data analysis program management.

## Population Served

In an average month in FY 2009, approximately 707,000 Minnesotans were enrolled in Minnesota's publicly-funded health care programs.

Central office operations work directly with many entities to serve enrollees including

- 108,000 health care providers, including inpatient and outpatient hospitals, dentists, physicians, mental health professionals, home care providers, personal care attendants, pharmacists, and eight managed health care plans;
- approximately 24 state health care professional organizations;
- financial and social services staff in Minnesota's 87 counties;
- the federal Centers for Medicare and Medicaid Services; and
- Minnesota's counties and tribes.

## Services Provided

Central office operations are responsible for

- developing health care program policy and leading implementation of policy initiatives;
- developing payment policies, including fee-for-service and managed care rates, that promote cost-effective delivery of quality services to Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare recipients;
- monitoring health plans to ensure contract compliance, value, and access;
- protecting the integrity of state health care programs through fraud prevention and cost avoidance activities;
- conducting surveys and research to monitor quality of care provided and health status of program enrollees;
- working with the federal government to ensure compliance with Medicaid laws and rules;
- negotiating waivers to federal laws and rules to allow expanded access and coverage, payment initiatives, enhanced federal matching funds, and demonstration projects to improve care and services for various enrollee groups;
- working with various partners to plan and implement changes needed to comply with federal laws including the Patient Protection and Affordable Care Act (PPACA) and Health Insurance Portability and Accountability Act (HIPAA);
- providing oversight of county and tribal administration of state policies and rules;
- planning and development of improved eligibility and enrollment systems, including an automated eligibility determination system, to make programs more accessible and administration more efficient;
- operating MMIS, a centralized payment system, for MA, MinnesotaCare, and GAMC;
- maintaining health care provider enrollment agreements;
- supporting enrollee communication and outreach efforts;

- maintaining online system availability for claims operation, customer services, and eligibility verification for 108,000 providers;
- supporting enhanced electronic claim activity to increase processing efficiency and decrease administrative costs, including maintaining a viable point-of-sale system for pharmacy;
- operating a Web-based electronic commerce environment for health care claim submission and other government-to-business electronic transactions;
- supporting the collection of premiums for MinnesotaCare and MA for Employed Persons with Disabilities (MA-EPD), spenddowns for Minnesota Senior Health Options, and development of financial control programs capable of supporting additional premium-based health care purchasing concepts;
- identifying all liable third parties required to pay for medical expenses before expenditure of state funds and recovering costs from other insurers, which includes maximizing Medicare participation in the cost of all services for dually-eligible enrollees, with emphasis on long-term care and home health services; and
- administering the medical care surcharge to ensure maximum receipt of surcharge funds from nursing care facilities and inpatient hospitals in compliance with federal laws and regulations.

## Historical Perspective

Minnesota is consistently a national leader in promoting and implementing policy and payment initiatives that improve access, quality, and cost-effectiveness of services provided through publicly-funded health care programs. Federally mandated and state-initiated expansions to health care program eligibility over the past 15 years have improved access to health care for low-income, special need, and uninsured Minnesotans. At the same time, program eligibility requirements have become more complex.

Changes in approaches to purchasing services for enrollees have evolved over the past two decades from strictly fee-for-service to more managed care contracting. This has changed the nature of management in this area to include sophisticated, capitated rate setting and risk adjustment, contract management, performance measurement, and more complex federal authority mechanisms, while continuing to improve fee-for-service rate setting and service coverage definition.

In the past decade, Department of Human Services (DHS) implemented managed care demonstration programs for seniors to provide cost-effective, coordinated Medicare and Medicaid services. The Minnesota Senior Health Options incorporates home- and community-based services to reduce the need for nursing home care.

As DHS increasingly contracts for day-to-day administration of primary health care services, more attention can be given to initiatives that better manage rapidly increasing health care costs. For example, the Health Care Administration has recently implemented unique volume-based purchasing agreements within fee-for-service.

DHS has been and will continue to be engaged in work related to implementing the modifications to GAMC program enacted in 2010. This includes work related to eligibility policy, negotiating and administering contracts with hospitals serving as coordinated care delivery systems (CCDSs), and administering the GAMC prescription drug benefit.

Passage of the Patient Protection and Affordable Care Act (PPACA) on the federal level has created new challenges and opportunities for the Health Care Administration and the Office of the Medicaid Director. These include: modifications to MA policies related to covered services provider payments and program integrity; demonstration projects to change the ways services are delivered and paid for; and a required expansion in MA eligibility beginning in 2014.

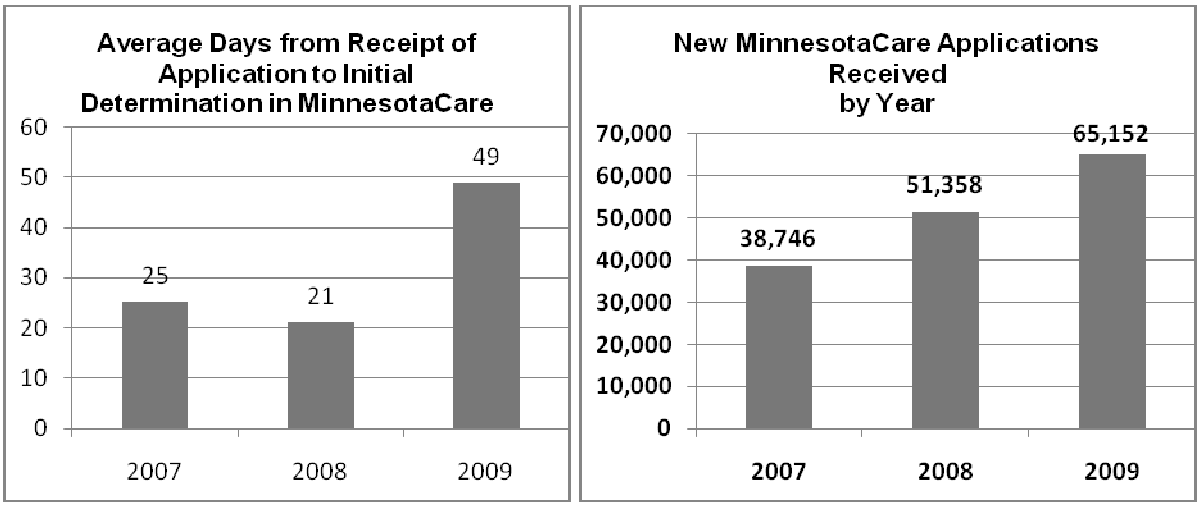
The Medicaid Management Information System (MMIS) pays medical bills and managed care capitation payments for DHS-administered Minnesota Health Care Programs (MHCP) recipients, generates DHS program data for research and forecasting, assists in detecting medical fraud, and employs technological solutions to reduce costs and improve services for health care providers. The current MMIS was implemented in 1994, replacing a system that had been operational since 1974. The current system processes 60.7 million fee-for-

service encounter claims and health plan capitation payments per year. Complexity in health care delivery strategies and in eligibility criteria to ensure focused eligibility for very specific populations has required that MMIS be flexible and scalable. In addition, the accelerated rate of change in computing technology and the movement toward electronic government services for citizens has required ongoing strategic investments in health care systems.

## Key Activity Goals & Measures

- **Minnesotans will be healthy.** This goal is from Minnesota Milestones
- (http://server.admin.state.mn.us/mm/goal.html).
- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

    - ***MinnesotaCare new application processing time.*** As of July 2010, the interval from application to initial determination has been reduced to 21 days. This improvement was accomplished through a short term strategy of identifying potential time savings and implementing those that appeared most effective in reducing the application backlog. Changes included simplifying verification of income and access to employer subsidized insurance.




For more information on DHS performance measures, see key measures for health care-related activities in Forecasted Grants.

For more information on DHS performance measures, see
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm

## Activity Funding

Health Care Operations is funded primarily with appropriations from the General Fund and health care access fund and from federal funds.

## Contact

For more information on this budget activity, contact Health Care Operations, (651) 431-3050.
Information on DHS programs is available on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: CENTRAL OFFICE OPERATIONS
Activity: HEALTH CARE

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 16,948 | 16,319 | 15,959 | 15,959 | 31,918 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (277) | (407) | (684) |
| Transfers Between Agencies | | | 77 | 77 | 154 |
| Subtotal - Forecast Base | 16,948 | 16,319 | 15,759 | 15,629 | 31,388 |
| **Governor's Recommendations** | | | | | |
| Federal Compliance: Program Integrity | | 0 | 206 | 185 | 391 |
| Evidence-Based Childbirth Program | | 0 | 140 | 114 | 254 |
| Rehab Service Coverage & PA Changes | | 0 | 20 | 233 | 253 |
| Modify Third Party Liability Processes | | 0 | (108) | (108) | (216) |
| Modify Pharmacy Reimbursement Method | | 0 | 98 | 87 | 185 |
| **Total** | **16,948** | **16,319** | **16,115** | **16,140** | **32,255** |
| **Health Care Access** | | | | | |
| Current Appropriation | 23,639 | 22,921 | 22,921 | 22,921 | 45,842 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 194 | 837 | 1,031 |
| Subtotal - Forecast Base | 23,639 | 22,921 | 23,115 | 23,758 | 46,873 |
| **Governor's Recommendations** | | | | | |
| End MnCare for Adults Above 200% FPG | | 0 | (67) | (187) | (254) |
| Repeal Unapproved MA Bridge Program | | 0 | (508) | (612) | (1,120) |
| Repeal Unapproved MnCare Changes | | 0 | (67) | (222) | (289) |
| **Total** | **23,639** | **22,921** | **22,473** | **22,737** | **45,210** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 16,703 | 15,618 | 16,115 | 16,140 | 32,255 |
| Health Care Access | 21,801 | 24,155 | 22,473 | 22,737 | 45,210 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 44,185 | 45,799 | 41,161 | 40,958 | 82,119 |
| Federal | 203 | 1,570 | 1,194 | 2,422 | 3,616 |
| **Total** | **82,892** | **87,142** | **80,943** | **82,257** | **163,200** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 56,780 | 58,218 | 58,216 | 58,199 | 116,415 |
| Other Operating Expenses | 25,562 | 28,924 | 22,727 | 24,058 | 46,785 |
| Local Assistance | 550 | 0 | 0 | 0 | 0 |
| **Total** | **82,892** | **87,142** | **80,943** | **82,257** | **163,200** |
| ***Full-Time Equivalents (FTE)*** | **756.1** | **754.7** | **738.6** | **725.8** | |

**Activity at a Glance**

- Performs statewide human services planning and develops and implements policy
- Obtains, allocates, and manages resources, contracts, and grants
- Sets standards for services development and delivery and monitors for compliance and evaluation
- Provides technical assistance and training to county agencies and supports local innovation and quality improvement efforts
- Assures a statewide safety net capacity

## Activity Description

Continuing Care Operations is the administrative component for the service areas funded by Continuing Care-related grants. It also coordinates with Health Care central office operations on the Medicaid-funded Continuing Care grants.

## Population Served

This program serves elderly Minnesotans and citizens with disabilities who need long-term care, including persons with physical and cognitive disabilities, deafness or hearing loss, mental illness, and HIV/AIDS.

## Services Provided

DHS Continuing Care staff administers programs and services that are used by over 350,000 Minnesotans. This work is accomplished by working with citizens, counties, legislators, grantees, other state agencies, and providers.

In addition to the normal administrative functions, which apply to all people served, Continuing Care staff perform unique specialized activities. Direct constituent services include:

- statewide regional service centers which help deaf, deafblind, and hard-of-hearing people access community resources and the human services system;
- the Telephone Equipment Distribution Program, which helps people with hearing loss or communication disabilities access the telephone system with specialized equipment;
- HIV/AIDS programs which help people obtain and maintain needed health care coverage; and
- ombudsman services for older Minnesotans which assist consumers in resolving complaints and preserving access to services.

Staff assistance and administrative support are also provided to a number of councils and boards including:

- The Commission Serving Deaf, Deaf/Blind and Hard of Hearing Minnesotans;
- The Minnesota Board on Aging; and
- Traumatic Brain Injury Service Integration Advisory Committee.

## Historical Perspective

Historically, most people needing long-term care services received them in institutions. Over the years, priorities, values, and expectations changed. Today, people have more individualized options.

Continuing Care staff administer a broad array of services for this diverse population. In addition to administering ongoing operations of programs and services, some recent achievements include:

- redesigning highly specialized mental health services for individuals who have both a hearing loss and mental illness by shifting resources from institutional care under State Operated Services to a statewide technical assistance/consultation model;
- describing the demographic realities of the state's aging population and working with many constituencies to prepare responses to these profound changes;
- implementing strategies of the long-term care task force that reform Minnesota's long-term care system for the elderly, which includes administering the voluntary, planned closure of nursing facility beds and expanding use of home and community-based services through grants and other mechanisms to develop community capacity;
- taking actions necessary to increase flexibility, reduce access barriers, and promote consumer choice and control with the home care and waivered services covered by Medical Assistance;
- managing cost growth in home and community based waiver programs while reducing reliance on hospital and institutional care;

- working with consumers, family members, county agencies, provider organizations, and advocates to develop community options for younger persons with disabilities who are currently residing in institutional settings;
- developing the Minnesota Senior Health Options (MSHO) and Minnesota Disability Health Options (MDHO) projects that integrate health and long-term care for elderly and younger persons with disabilities who are eligible for both Medicaid and Medicare;
- publishing the Minnesota Nursing Home Report Card online, in collaboration with the Minnesota Department of Health, and;
- working with the Senior LinkAge Line and Disability Linkage Line staff to assist the Centers for Medicare and Medicaid with enrollment in Medicare Part D plans and solving problems for individuals who are dually eligible.

## Key Activity Goals & Measures

- ***Reform long-term care options for elderly Minnesotans.*** DHS strives to increase the availability of non-institutional service options for older persons and their families. Competitive grants in this area promote evidence-based models that leverage local private funds and in-kind contributions to promote affordable services that are both dependable and sustainable. This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Streamline and manage home and community-based waiver services.*** DHS will provide consistent services across all home and community-based waivers through development of a common services menu and a common screening tool. The department will target use of long-term care waivered services to the highest risk clients, strengthening program and fiscal integrity of each waiver program. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

See key measures for Continuing Care-related grants in Grant Programs.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

The Continuing Care central office operations activity is funded with appropriations from the General Fund, state government special revenue fund, miscellaneous special revenue funds, and from federal funds.

## Contact

For more information on Continuing Care Management contact (651) 431-2598.
Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: CENTRAL OFFICE OPERATIONS
Activity: CONTINUING CARE

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 15,621 | 18,935 | 18,935 | 18,935 | 37,870 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | 150 | 150 | 300 |
| Current Law Base Change | | | (2,690) | (2,885) | (5,575) |
| Subtotal - Forecast Base | 15,621 | 18,935 | 16,395 | 16,200 | 32,595 |
| **Governor's Recommendations** | | | | | |
| Managing Elderly Waiver & AC Programs | | 0 | 110 | 101 | 211 |
| Low Needs NF Case Mix | | 0 | 111 | 101 | 212 |
| Reduce Certain Congregate Living Rates | | 0 | 450 | 500 | 950 |
| Reduce Provider Rates & Grants | | 0 | 200 | 200 | 400 |
| Increase MA-EPD Premium and Cost Share | | 0 | 0 | 110 | 110 |
| **Total** | **15,621** | **18,935** | **17,266** | **17,212** | **34,478** |
| **State Government Spec Revenue** | | | | | |
| Current Appropriation | 125 | 125 | 125 | 125 | 250 |
| Subtotal - Forecast Base | 125 | 125 | 125 | 125 | 250 |
| **Total** | **125** | **125** | **125** | **125** | **250** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 15,671 | 19,673 | 17,266 | 17,212 | 34,478 |
| State Government Spec Revenue | 120 | 125 | 125 | 125 | 250 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 2,694 | 2,781 | 2,567 | 2,567 | 5,134 |
| Federal | 10,436 | 6,495 | 5,814 | 3,500 | 9,314 |
| Gift | 14 | 41 | 10 | 10 | 20 |
| **Total** | **28,935** | **29,115** | **25,782** | **23,414** | **49,196** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 19,426 | 19,113 | 18,882 | 18,146 | 37,028 |
| Other Operating Expenses | 9,509 | 10,002 | 6,900 | 5,268 | 12,168 |
| **Total** | **28,935** | **29,115** | **25,782** | **23,414** | **49,196** |
| ***Full-Time Equivalents (FTE)*** | **241.3** | **240.5** | **239.9** | **237.3** | |

**Activity at a Glance**

- Provides policy oversight and administers funding for public chemical and mental health services to thousands of Minnesotans
- 35,000 people receiving publicly funded substance abuse treatment services
- 187,000 adults receiving publicly funded mental health services
- 48,000 children receiving publicly funded mental health services

## Activity Description

The Chemical and Mental Health Services Administration is the central office administrative component associated with

- Chemical Dependency (CD) Entitlement Grants;
- CD Non-entitlement Grants;
- Adult Mental Health Grants; and
- Children's Mental Health Grants.

In addition, the Chemical and Mental Health Services Administration provides executive oversight of State Operated Services. The administration is also the policy lead on chemical and mental health services provided through Minnesota Health Care Programs.

## Population Served

The Chemical and Mental Health Services Administration supports and influences the delivery of publicly funded chemical and mental health services to over a quarter million Minnesotans each year.

## Services Provided

The Alcohol and Drug Abuse Division, Adult Mental Health Division, and Children's Mental Health Division are health care policy/program divisions which supervise and support the public chemical dependency and mental health service systems within the state. Activities of these divisions include

- setting policy and services standards for chemical dependency treatment;
- administering the Consolidated Chemical Dependency Treatment Fund and state and federal grant programs funding services which support successful treatment;
- providing oversight of methadone clinics;
- administering grants which support statewide substance abuse prevention efforts;
- administering programs which help enforce prohibitions on the sale of alcohol and tobacco products to minors;
- setting policy and service standards for mental health treatment and rehabilitative services;
- administer grants funding mental health treatment services for adults with mental illness and children with emotional disturbance, including grants supporting
  - a nearly statewide network of mental health crisis intervention services for adults and children;
  - specialized mental health treatment and rehabilitative services for adults and children;
  - school-based mental health services for children;
  - mental health screening for children in the child welfare and juvenile justice systems;
  - access to housing and supportive housing for adults with mental illness; and
  - compulsive gambling treatment;
- providing training and leadership for the adoption of best practices by chemical and mental health service providers across the state each year;
- using a variety of funding mechanisms to fund pilot projects to further service capacity and the quality of care within the state; and
- managing the intergovernmental and stakeholder relationships necessary to facilitate an up-to-date, effective, and valued system of chemical and mental health services.

The Chemical and Mental Health Services Administration also provides executive leadership for State Operated Services. State Operated Service provides a large array of services to 9,000 Minnesotans with some of the most complex behavioral health service needs.

## Historical Perspective

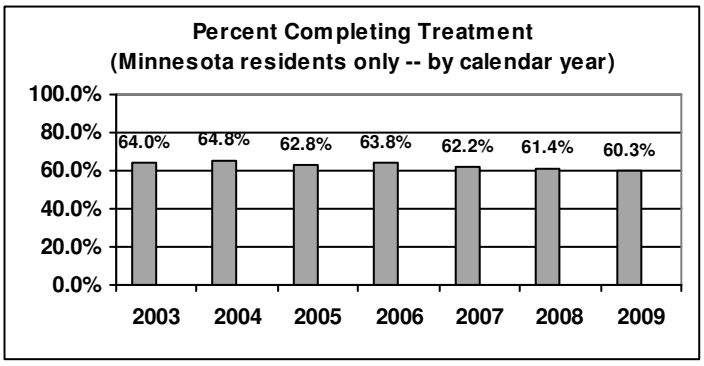
The Chemical and Mental Health Services Administration (CMHS) was formed within the Department of Human Services in 2003 in order to provide a common leadership focus to the behavioral health programs administered by the commissioner of human services. This alignment of vision and purpose remains a primary goal of the Chemical and Mental Health Services Administration. Currently, CMHS has used the adoption of eight "points of

excellence" as a means of providing a common focus and direction for the state's behavioral health system. These eight points are:

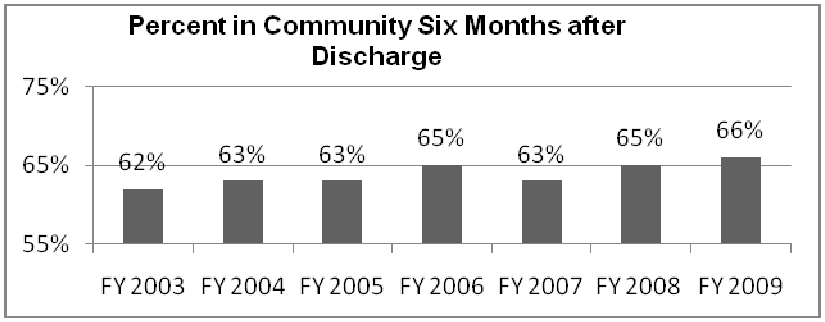
1. We must eradicate the stigma, misunderstandings, and misperceptions of mental illness and addictions.
2. We must improve access to the right care at the right time for all Minnesotans suffering from a mental illness and/or addictions.
3. We must establish best practices and quality standards of care and practice across all providers.
4. We must break down the silo walls and integrate mental health care and substance abuse treatment services with primary care, education, law enforcement, courts, corrections, social services, housing, and employment.
5. We must reduce the overall cost of care for mental illness and addictions as well as work to reduce the full cost of untreated mental illness and addictions. [W]e can accomplish this if we have successfully strived to eradicate stigma, improve access to the right care at the right time, improve quality standards of care, and integrate care effectively across services.
6. We must promote and expand those activities that improve wellness and ultimately can prevent mental illness and addictions.
7. We must reduce the severe, wide-ranging consequences of mental illness and addictions.
8. We must celebrate diversity and reduce disparity in access and outcomes for racial and ethnic populations.

## Key Activity Goals & Measures

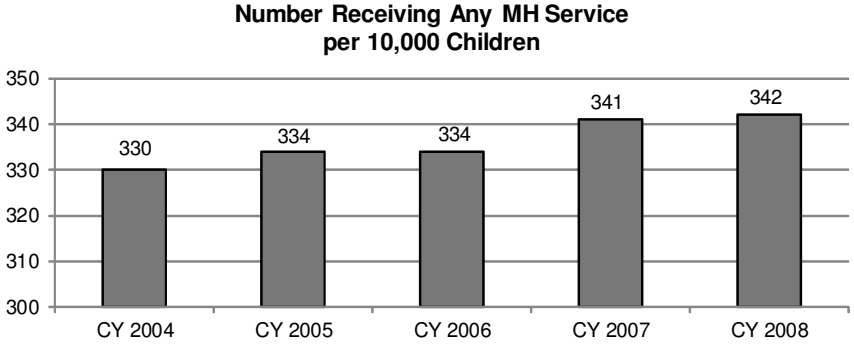
- ***Percentage of clients completing chemical dependency treatment.*** Treatment completion has been found to be a strong indicator of continued sobriety after treatment. DHS' Drug and Alcohol Abuse Normative Evaluation System (DAANES) collects a number of data elements from all chemical dependency programs regardless of the admission's funding source. Below are completion results of all statewide treatment admissions in 2003-09.




- **Percent of adults with serious mental illness who remained in the community six months after discharge from an inpatient psychiatric setting.** This measure gives an indication of the effectiveness of the community-based system to provide the range of services that allow individuals to be as independent as possible in the community.



- ***Service Penetration Rate.*** One indicator of service utilization is to measure how deeply into the general population of Minnesota's children does the utilization of publicly-financed mental health services reach. By comparing this measure over a number of years, some indication is given as to whether use of mental health services is changing over time. By measuring service utilization per 10,000 children in the general population, year-to-year population shifts are taken out of consideration and use of services can be compared across years. This is not an indicator of need for services.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Chemical and Mental Health Services central office operations is funded with appropriations from the General Fund, special revenue fund, lottery fund and from federal funds.

## Contact

For more information on Chemical and Mental Health Services Administration, contact the office of the assistant commissioner, (651) 431-2323.

Information on DHS programs is on the department's Web-site: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: CENTRAL OFFICE OPERATIONS
Activity: CHEMICAL & MENTAL HEALTH

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 3,587 | 4,194 | 4,194 | 4,194 | 8,388 |
| Subtotal - Forecast Base | 3,587 | 4,194 | 4,194 | 4,194 | 8,388 |
| **Total** | **3,587** | **4,194** | **4,194** | **4,194** | **8,388** |
| **Lottery Cash Flow** | | | | | |
| Current Appropriation | 151 | 153 | 153 | 153 | 306 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 4 | 4 | 8 |
| Subtotal - Forecast Base | 151 | 153 | 157 | 157 | 314 |
| **Total** | **151** | **153** | **157** | **157** | **314** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 3,587 | 4,294 | 4,194 | 4,194 | 8,388 |
| Lottery Cash Flow | 151 | 153 | 157 | 157 | 314 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 645 | 2,150 | 2,102 | 2,401 | 4,503 |
| Federal | 4,172 | 4,619 | 4,159 | 4,159 | 8,318 |
| **Total** | **8,555** | **11,216** | **10,612** | **10,911** | **21,523** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 7,447 | 8,925 | 8,621 | 8,621 | 17,242 |
| Other Operating Expenses | 1,089 | 2,291 | 1,991 | 2,290 | 4,281 |
| Local Assistance | 19 | 0 | 0 | 0 | 0 |
| **Total** | **8,555** | **11,216** | **10,612** | **10,911** | **21,523** |
| ***Full-Time Equivalents (FTE)*** | **85.6** | **85.3** | **84.0** | **82.7** | |

## Program Description

The purpose of Forecasted Programs is to include all programs that are an entitlement or otherwise share the characteristic of being forecasted in one program in the DHS budget.

MinnesotaCare, General Assistance Medical Care (GAMC), and Medical Assistance (MA) purchase preventive and primary health care services, such as physician services, medications, and dental care, for low-income families with children, pregnant women, elderly people, and people with disabilities. More than 707,000 Minnesotans receive health care assistance through this grant area each year. Medical Assistance and MinnesotaCare receive both state and federal funds. Medical Assistance is financed and operated jointly by the state and the federal government. The federal share of MA costs for the state, known as the federal medical assistance percentage (FMAP), is based on the state's per capita income and is recalculated annually.

## Budget Activities

This program includes the following budget activities

- MFIP/DWP Grants
- MFIP Child Care Assistance Grants
- General Assistance Grants
- Minnesota Supplemental Aid Grants
- Group Residential Housing Grants
- MinnesotaCare Grants
- GAMC Grants
- Medical Assistance Grants
- Alternative Care Grants
- CD Entitlement Grants

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 3,628,406 | 4,100,827 | 4,100,827 | 4,100,827 | 8,201,654 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 1,284,830 | 1,637,437 | 2,922,267 |
| November Forecast Adjustment | | (226,413) | (182,899) | (156,520) | (339,419) |
| Subtotal - Forecast Base | 3,628,406 | 3,874,414 | 5,202,758 | 5,581,744 | 10,784,502 |
| **Governor's Recommendations** | | | | | |
| Combine & Restructure EGA & EMSA | | 0 | (2,300) | (2,260) | (4,560) |
| Child Care Assistance Program Changes | | 0 | (554) | (3,270) | (3,824) |
| TANF Refinancing | | 0 | (14,020) | (14,020) | (28,040) |
| Eliminate Delayed 1% DD Waiver Acuity | | 0 | (4,481) | (4,481) | (8,962) |
| Managing Elderly Waiver & AC Programs | | 0 | (12,383) | (13,892) | (26,275) |
| Low Needs NF Case Mix | | 0 | (8,624) | (9,081) | (17,705) |
| Reduce Certain Congregate Living Rates | | 0 | (5,382) | (8,073) | (13,455) |
| Disability Waiver Enrollment Limits | | 0 | (12,890) | (32,873) | (45,763) |
| Separate EW and NF Rates | | 0 | (238) | (1,001) | (1,239) |
| Reduce Provider Rates & Grants | | 0 | (65,549) | (74,444) | (139,993) |
| Modify Non-Rate Payments | | 0 | (7,929) | (8,883) | (16,812) |
| NF and ICF/MR Surcharges | | 0 | 11,629 | 12,486 | 24,115 |
| Coverage for Dental Therapists | | 0 | 31 | 89 | 120 |
| Managed Care Reforms | | 0 | (18,522) | (72,006) | (90,528) |
| Evidence-Based Childbirth Program | | 0 | (481) | (962) | (1,443) |
| Rehab Service Coverage & PA Changes | | 0 | (642) | (1,169) | (1,811) |
| Modify Communication Device Pricing | | 0 | (124) | (191) | (315) |
| Modify Pharmacy Reimbursement Method | | 0 | (685) | (722) | (1,407) |
| Critical Access Dental Payments | | 0 | (2,128) | (3,123) | (5,251) |
| Payment of Medicare Crossover Claims | | 0 | (10,829) | (32,296) | (43,125) |
| Suspend Managed Care Incentive Payments | | 0 | (645) | (645) | (1,290) |
| Reduce Basic Care Rates | | 0 | (1,011) | (1,446) | (2,457) |
| Reduce Rates for Transportation Services | | 0 | (1,651) | (2,458) | (4,109) |
| Maintain Child & Teen Check-up Rates | | 0 | (130) | (265) | (395) |
| Delay Inpatient Hospital Rebasing | | 0 | 0 | (99,041) | (99,041) |
| Reduce PMAP MERC Funding | | 0 | (12,808) | (12,808) | (25,616) |
| MA Hospital Surcharge and Payment Rates | | 0 | 61,942 | 61,495 | 123,437 |
| Managed Care Surcharge & Payment Rates | | 0 | 35,270 | 67,620 | 102,890 |
| Federal Compliance: Eligibilty Changes | | 0 | 22,340 | 45,611 | 67,951 |
| Tighten CD Tx Placement Criteria | | 0 | (3,653) | (5,414) | (9,067) |
| County Share of CD Treatment Costs | | 0 | (4,494) | (4,991) | (9,485) |
| **Total** | **3,628,406** | **3,874,414** | **5,141,817** | **5,359,230** | **10,501,047** |
| **Health Care Access** | | | | | |
| Current Appropriation | 448,647 | 354,096 | 354,096 | 354,096 | 708,192 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (42,109) | 11,824 | (30,285) |
| November Forecast Adjustment | | 95,019 | 85,582 | 116,283 | 201,865 |
| Subtotal - Forecast Base | 448,647 | 449,115 | 397,569 | 482,203 | 879,772 |
| **Governor's Recommendations** | | | | | |
| Managed Care Reforms | | 0 | (5,310) | (18,928) | (24,238) |
| Critical Access Dental Payments | | 0 | (603) | (2,207) | (2,810) |
| Suspend Managed Care Incentive Payments | | 0 | (138) | (138) | (276) |
| Reduce Basic Care Rates | | 0 | (42) | (112) | (154) |
| Managed Care Surcharge & Payment Rates | | 0 | 4,799 | 9,273 | 14,072 |
| End MnCare for Adults Above 200% FPG | | 0 | (10,092) | (23,194) | (33,286) |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| Repeal Unapproved MA Bridge Program | | 0 | (3,644) | (16,279) | (19,923) |
| Repeal Unapproved Rolling & Grace Month | | 0 | (1,778) | (8,511) | (10,289) |
| Repeal Unapproved MnCare Changes | | 0 | (149) | (2,010) | (2,159) |
| Federal Compliance: Eligibilty Changes | | 0 | 1,988 | 2,904 | 4,892 |
| Tighten CD Tx Placement Criteria | | 0 | (8) | (11) | (19) |
| **Total** | **448,647** | **449,115** | **382,592** | **422,990** | **805,582** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 90,598 | 99,922 | 99,922 | 99,922 | 199,844 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (14,007) | (21,864) | (35,871) |
| November Forecast Adjustment | | (40,422) | 1,830 | 925 | 2,755 |
| Subtotal - Forecast Base | 90,598 | 59,500 | 87,745 | 78,983 | 166,728 |
| **Total** | **90,598** | **59,500** | **87,745** | **78,983** | **166,728** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 3,373,803 | 3,764,221 | 5,142,246 | 5,359,115 | 10,501,361 |
| Health Care Access | 445,846 | 449,115 | 382,592 | 422,990 | 805,582 |
| Federal Tanf | 72,937 | 59,500 | 87,745 | 78,983 | 166,728 |
| **Statutory Appropriations** | | | | | |
| General | 6,659 | 0 | 0 | 0 | 0 |
| Miscellaneous Special Revenue | 226,163 | 225,369 | 124,565 | 128,472 | 253,037 |
| Federal | 4,110,189 | 4,204,689 | 4,709,156 | 5,012,857 | 9,722,013 |
| Federal Stimulus | 902,319 | 823,227 | 0 | 0 | 0 |
| **Total** | **9,137,916** | **9,526,121** | **10,446,304** | **11,002,417** | **21,448,721** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 17 | 0 | (11,761) | (11,761) | (23,522) |
| Payments To Individuals | 9,108,786 | 9,403,932 | 10,325,834 | 10,882,964 | 21,208,798 |
| Local Assistance | 28,726 | 122,189 | 132,231 | 131,214 | 263,445 |
| Other Financial Transactions | 387 | 0 | 0 | 0 | 0 |
| **Total** | **9,137,916** | **9,526,121** | **10,446,304** | **11,002,417** | **21,448,721** |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Activity*** | | | | | |
| Mfip/Dwp Grants | 323,730 | 336,556 | 341,411 | 338,465 | 679,876 |
| Mfip Child Care Assistance Gr | 113,780 | 120,259 | 119,588 | 114,999 | 234,587 |
| General Assistance Grants | 42,748 | 49,674 | 49,761 | 49,883 | 99,644 |
| Minnesota Supplemental Aid Gr | 33,299 | 36,936 | 37,983 | 38,901 | 76,884 |
| Group Residential Housing Gr | 112,993 | 116,009 | 123,085 | 130,993 | 254,078 |
| Minnesotacare Grants | 664,057 | 695,331 | 639,485 | 747,026 | 1,386,511 |
| Gamc Grants | 296,607 | 89,221 | 429 | -115 | 314 |
| Medical Assistance Grants | 7,390,951 | 7,908,710 | 8,967,048 | 9,399,852 | 18,366,900 |
| Alternative Care Grants | 30,144 | 29,104 | 29,527 | 31,038 | 60,565 |
| Cd Entitlement Grants | 129,607 | 144,321 | 137,987 | 151,375 | 289,362 |
| **Total** | **9,137,916** | **9,526,121** | **10,446,304** | **11,002,417** | **21,448,721** |
| ***Full-Time Equivalents (FTE)*** | **0.0** | **0.0** | **-1.0** | **-2.0** | |

**Activity at a Glance**

- Provides assistance for 36,900 low-income families (or 100,400 people) a month, two-thirds of whom are children.
- Aims at moving parents quickly into jobs and out of poverty.

## Activity Description

Minnesota Family Investment Program (MFIP), the Diversionary Work Program (DWP) and Work Benefit Grants pay for cash grants for families participating in the MFIP, DWP, and Work Benefit Program and for food assistance for MFIP families. MFIP is Minnesota's federal Temporary Assistance for Needy Families (TANF) program. DWP is a short-term, work-focused program to help families avoid longer term assistance. The Work Benefit is a small monthly cash grant given to families who exit MFIP or DWP to help them stay off assistance.

## Population Served

To be eligible for MFIP, a family must include a minor child or a pregnant woman and meet citizenship, income, and asset requirements. MFIP is aimed at moving parents quickly into jobs and out of poverty. Most parents are required to work; through MFIP, they receive help with basic needs, health care, child care, and employment services.

Most parents with minor children are eligible to receive cash assistance for a total of 60 months in their lifetime. Families reaching the 60-month time limit are eligible for extensions if they meet certain categorical requirements. Most families reaching the 60-month limit are those with multiple and serious barriers to employment. Families of color are disproportionately represented in this group.

DWP is a short-term, work-focused program. Families applying for DWP must develop and sign an employment plan before they can receive any assistance. After families have an employment plan, they can receive cash assistance to pay for rent, utilities, personal needs, and other supports, such as food, child care, and health care. Shelter and utilities costs are paid directly to landlords, mortgage companies, or utility companies. Participation in the program does not count against the 60-month life-time limit on cash assistance. Families who are likely to need longer term assistance are excluded from DWP; this includes adults and children with disabilities, adults over 60 years old, teen parents finishing high school, child-only cases, and families who have received TANF or MFIP in the past 12 months or for 60 months.

The Work Benefit is a monthly grant of $25 that is issued to families who exit MFIP or DWP while working the number of hours required to meet the federal work participation rate. Eligible families can receive the Work Benefit for up to 24 months.

## Services Provided

This activity funds the cash assistance grants of the MFIP, DWP, and Work Benefit programs and food assistance for MFIP. Supports outside the welfare system, such as health care, child care, child support, housing, and tax credits, are important additional components to Minnesota's welfare approach. Working families on MFIP receive earning disregards, leaving assistance when their income is approximately 15% above the federal poverty level.

Parents on MFIP who fail to work or follow through with activities to support their families will have their assistance cut by 10% or more. Depending upon how long they have been out of compliance, their cases may also be closed for non-compliance. Parents on DWP who do not cooperate with their employment plan will have their cases closed. No further cash assistance can be approved until the participant complies with requirements or their four months of DWP ends. Families receiving the Work Benefit must continue to work the required number of hours to continue to receive the benefit.

## Historical Perspective

MFIP was initially piloted in seven counties as a state welfare reform effort. After passage of the federal welfare reform law which converted Aid to Families with Dependent Children (AFDC) to TANF, MFIP was implemented statewide in 1998 as the state's TANF program. MFIP includes employment and training and food support. In February 2006, Congress reauthorized the TANF program through 2010 with the passage of the Deficit Reduction Act of 2005 (Public Law 109-171). The new provisions made it more difficult for states to meet work participation rates and required the U. S. Department of Health and Human Services to issue regulations that define work activities and procedures for verifying and monitoring work activities.

DWP, which began July 01, 2004, includes many of the families who would have in the past applied for MFIP. Each month more than 1,000 cases are diverted from MFIP long-term assistance to DWP, with a monthly average caseload of 3,900 families. Some of these families are expected to transition to MFIP after completing four months of DWP.

Beginning in February 2008, families who are not making significant progress with MFIP or DWP due to employment barriers, such as physical disability, mental health, or provision of care for a household member with a disability will receive family stabilization services (FSS) through a case management model. Funding for these families is provided using state funds that are not counted toward the federal maintenance-of-effort requirement and, therefore, are not included in the state work participation rate.

The Work Benefit began in October 2009 as a flat grant of $50 per month. The benefit was reduced to $25 per month in October of 2010. Participants receiving this benefit help the state meet federal work participation requirements.

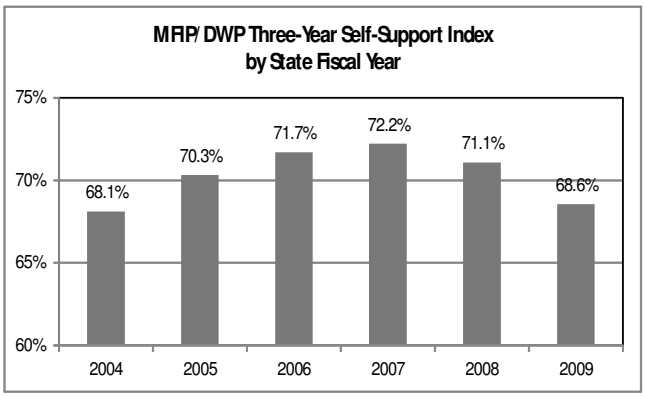
Minnesota has received national recognition for its success with MFIP. In December 2007, more than 70% of MFIP families followed over a three-year period had either left assistance or were on MFIP and were working 30 or more hours per week.

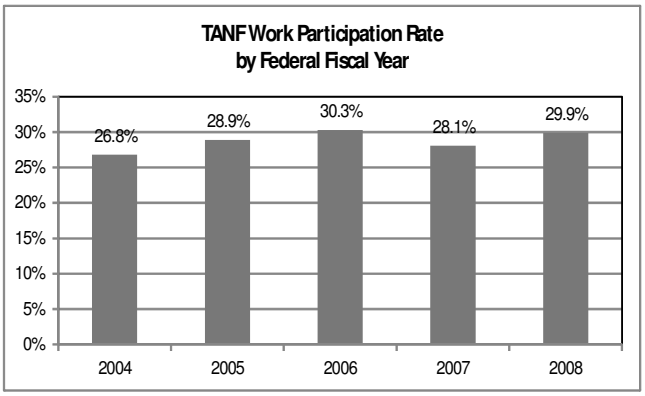
## Key Activity Goals & Measures

- **Ensure Minnesotans will have the economic means to maintain a reasonable standard of living.** This goal is from Minnesota Milestones (http://server.admin.state.mn.us/mm/goal.html).
- **Improve outcomes for the most at-risk children.** MFIP and DWP grants help stabilize families and enable parents to meet their children's basic needs. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

**Measures**

- **Percentage of adults working 30 or more hours or off MFIP three years after a baseline reporting period (MFIP Self-Support Index).** The MFIP Self-Support Index is a performance measure that tracks whether or not adults in MFIP are either: 1) working an average of 30 or more hours per week or 2) no longer receiving MFIP cash payments three years after a baseline measurement quarter. Participants who leave MFIP due to the 60-month time limit are not counted as meeting the criteria for success on this measure unless they are working 30 or more hours per week or qualified for Social Security disability payments before they reach the time limit.
- **Percentage of MFIP adults participating in work activities for specified hours per week. (TANF Work Participation Rate).** The TANF Work Participation Rate is the percentage of MFIP cases in which the parent is fully engaged in employment or employment-related activities (according to federal TANF program rules, usually 130 hours per month). The TANF WPR is determined by the federal government based on monthly program data for the federal fiscal year.




2009 data pending federal release

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

MFIP/DWP and Work Benefit grants are funded primarily with appropriations from the General Fund and the federal TANF block grant, which replaced AFDC in 1996.

## Contact

For more information on the Minnesota Family Investment Program/Diversionary Work Program Grants, contact The Transition to Economic Stability Division, (651) 431-4000.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 71,121 | 72,969 | 72,969 | 72,969 | 145,938 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 20,289 | 21,189 | 41,478 |
| November Forecast Adjustment | | 20,946 | (9,208) | (2,576) | (11,784) |
| Subtotal - Forecast Base | 71,121 | 93,915 | 84,050 | 91,582 | 175,632 |
| **Total** | **71,121** | **93,915** | **84,050** | **91,582** | **175,632** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 90,598 | 99,922 | 99,922 | 99,922 | 199,844 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (14,007) | (21,864) | (35,871) |
| November Forecast Adjustment | | (40,422) | 1,830 | 925 | 2,755 |
| Subtotal - Forecast Base | 90,598 | 59,500 | 87,745 | 78,983 | 166,728 |
| **Total** | **90,598** | **59,500** | **87,745** | **78,983** | **166,728** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 70,544 | 93,915 | 84,050 | 91,582 | 175,632 |
| Federal Tanf | 72,937 | 59,500 | 87,745 | 78,983 | 166,728 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 1,172 | 3,100 | 3,100 | 3,100 | 6,200 |
| Federal | 140,932 | 158,814 | 166,516 | 164,800 | 331,316 |
| Federal Stimulus | 38,145 | 21,227 | 0 | 0 | 0 |
| **Total** | **323,730** | **336,556** | **341,411** | **338,465** | **679,876** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 317,950 | 331,021 | 335,805 | 332,927 | 668,732 |
| Local Assistance | 5,393 | 5,535 | 5,606 | 5,538 | 11,144 |
| Other Financial Transactions | 387 | 0 | 0 | 0 | 0 |
| **Total** | **323,730** | **336,556** | **341,411** | **338,465** | **679,876** |

**Activity at a Glance**

- Helps MFIP and Transition Year families pay for child care so that parents may pursue employment or education leading to employment.
- Purchases child care for more than 15,500 children in 8,500 families each month.

## Activity Description

The Minnesota Family Investment Program (MFIP) Child Care Assistance Grants provides financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment and so that children are well-cared for and ready to learn. This program is supervised by the Minnesota Department of Human Services (DHS) and administered by county social services agencies.

## Population Served

Families who participate in MFIP and the Diversionary Work Program (DWP) of the state's Temporary Assistance for Needy Families (TANF) program are served through the MFIP child care program, which includes MFIP and Transition Year (TY) subprograms.

## Services Provided

The following families are eligible to receive MFIP or TY child care assistance:

- MFIP and DWP families who are employed, pursuing employment, or participating in employment, training, or social services activities authorized in an approved employment services plan; and
- employed families who are in their first year off MFIP or DWP (the transition year). As family income increases, so does the amount of child care expenses paid by the family in the form of co-payments.

Child care must be provided by a legal child care provider over the age of 18 years. Providers include legal, non-licensed family child care, license-exempt centers, licensed family child care, and licensed child care centers. Family child care and child care centers operate under separate laws and rules and exist as separate markets.

As directed by law, DHS establishes maximum payment rates for Child Care Assistance Grants by county, type of provider, age of child, and unit of time covered.

## Historical Perspective

MFIP child care was called AFDC (Aid to Families with Dependent Children) child care and was funded by federal Title IV(A) funds prior to the 1996 federal welfare reform act. Demand for child care assistance has increased as parents participating in welfare reform are required to work or look for work. The 2003 legislature made reforms to the Child Care Assistance Program (CCAP) to focus on the lowest-income working families and control future growth in the program, while helping balance the state budget. (CCAP is comprised of MFIP child care for families on MFIP or DWP and Basic Sliding Fee child care for other low-income families.)

In 2007, the legislature appropriated $1 million for CCAP for the FY2008-09 biennium to provide funding for incentives for parents and providers to promote skills and abilities that children need to succeed in school. A pilot project, School Readiness Connections, was extended in 2009-10 with an appropriation of $1.3 million. Child care providers selected by the department are eligible for a higher maximum payment and children are allowed to remain in care with the provider on a full-time basis as long as the family remains eligible for CCAP. The department is using the project evaluation to consider options for recommending changes to CCAP policy that could link ongoing incentives to child care programs that support school readiness.

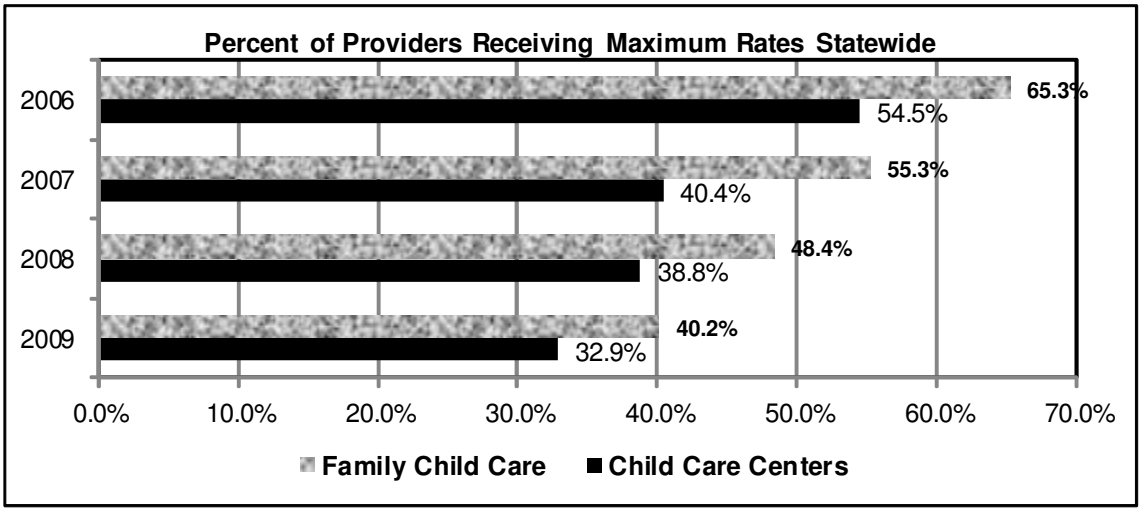
## Key Activity Goals & Measures

- ***Ensure that all children will start school ready to learn.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Improve outcomes for the most at-risk children.*** The MFIP Child Care Assistance Program improves outcomes for at-risk children by providing financial assistance to help low-income families pay for child care. Parents may pursue employment or education leading to employment while children attend child care where they are well cared for and become better prepared to enter school ready to learn. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

Key measures are:

- ***Percentage of child care providers covered by maximum rates.*** As required by federal regulations, an annual child care market rate survey assesses whether or not families receiving child care assistance have access to all types of care available to the private market. Access is an important measure for two reasons. The first is that it presents the portion of rates in the child care market that can be fully paid with a CCAP subsidy. Second, access to child care providers may impact whether or not at-risk children are able to attend high-quality child care programs, which national research shows are associated with better child outcomes in low-income communities with children experiencing risk-factors. Therefore the level at which maximum rates are set may differentially affect access to high-quality child care programs.

  The following chart compares the percentage of child care center providers who receive maximum rates of payment with the percentage of family child care providers who receive maximum rates.




- **Percentage of children receiving child care assistance through the School Readiness Connections Pilot project who are ready for school.** The School Readiness Connections Pilot project targets resources to low-income families by reimbursing selected, qualified providers at higher rates for providing comprehensive services to improve the school readiness of at-risk children ages 0-5. The results of the evaluation indicate that the project goals were met and that the majority of children assessed prior to kindergarten entry were proficient in the skills and abilities necessary for school readiness. For the complete evaluation, see http://www.dhs.state.mn.us/dhs16 147885.pdf.

For more information on DHS performance measures, see
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm

## Activity Funding

MFIP Child Care Assistance Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on MFIP Child Care Assistance Grants, contact the Transition to Economic Stability Division, (651) 431-4000.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 53,339 | 67,793 | 67,793 | 67,793 | 135,586 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 4,050 | 3,606 | 7,656 |
| November Forecast Adjustment | | (22,850) | (1,696) | (3,125) | (4,821) |
| Subtotal - Forecast Base | 53,339 | 44,943 | 70,147 | 68,274 | 138,421 |
| **Governor's Recommendations** | | | | | |
| Child Care Assistance Program Changes | | 0 | (554) | (3,270) | (3,824) |
| TANF Refinancing | | 0 | (14,020) | (14,020) | (28,040) |
| **Total** | **53,339** | **44,943** | **55,573** | **50,984** | **106,557** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 53,339 | 44,943 | 55,573 | 50,984 | 106,557 |
| **Statutory Appropriations** | | | | | |
| Federal | 45,857 | 75,316 | 64,015 | 64,015 | 128,030 |
| Federal Stimulus | 14,584 | 0 | 0 | 0 | 0 |
| **Total** | **113,780** | **120,259** | **119,588** | **114,999** | **234,587** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 107,765 | 19,916 | 7,946 | 5,230 | 13,176 |
| Local Assistance | 6,015 | 100,343 | 111,642 | 109,769 | 221,411 |
| **Total** | **113,780** | **120,259** | **119,588** | **114,999** | **234,587** |

**Activity at a Glance**

- Provides monthly cash assistance grants for almost 20,000 people
- Average cash assistance grant is $173.53

## Activity Description

General Assistance (GA) Grants provides monthly cash supplements for individuals and childless couples, who cannot fully support themselves, usually due to illness or disability, to help meet some of their monthly maintenance and emergency needs. GA is a state-funded program and an important safety net for low-income Minnesotans.

## Population Served

Program participants must fit into one of 15 categories of eligibility specified in state statutes, which are primarily defined in terms of inability to work and disability, and meet income and resource limits. Applicants or recipients are generally required to apply for benefits from federally-funded disability programs for which they may qualify.

## Services Provided

GA grants currently provide cash assistance of $203 for single people and $260 for married couples. Once a year, special funding may be available when a person or family lacks basic need items for emergency situations, which threaten health or safety, most often housing or utilities. GA recipients are usually eligible for payment of medical costs through the General Assistance Medical Care (GAMC) or Minnesota Care programs.

## Historical Perspective

The Minnesota Legislature established the General Assistance Program in 1974. The original program provided assistance to low-income people who did not qualify for federal assistance. In the 1980s, the legislature changed the program by increasing the GA grant to the current $203 for single people and $260 for married couples and by targeting assistance to people who meet certain standards of un-employability as determined and certified by a licensed physician, licensed consulting psychologist, licensed psychologist, or vocational specialist.

In 1998, families with children were moved from GA to the Minnesota Family Investment Program, immediately reducing the number of people served on GA each month from 15,000 to 11,000. Since that time, the average number of people served on GA has ranged from a low of roughly 7,800 a month in FY 2000 to the current average of 19,965 a month with an average payment of $173.53 per person for FY 2010.

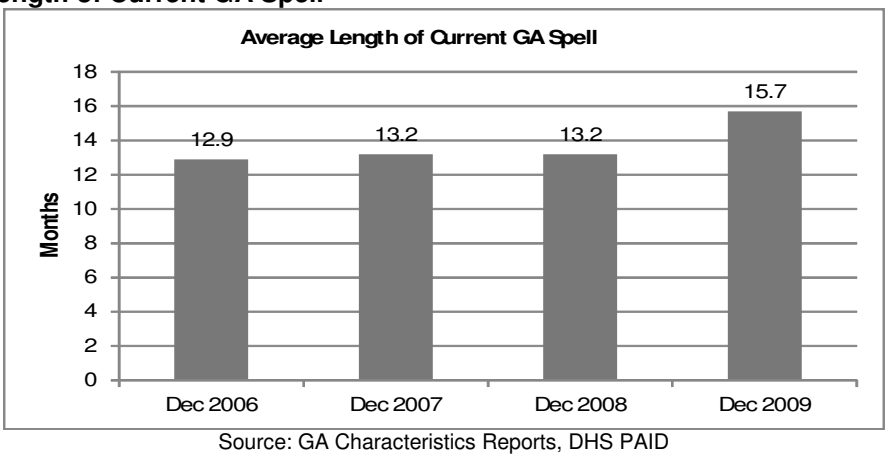
In FY 2001, room and board payments for women staying in battered women's shelters were transferred out of the GA program into the Department of Public Safety's Crime Victims Services.

## Key Activity Goals & Measures

- ***Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs.*** GA is temporary for some recipients while they overcome an emergency situation, a temporary problem, or are waiting for approval for other forms of assistance. For others, with more intractable barriers to self-support, assistance is needed for longer periods of time. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

  Key measures include:

  - **Average Length of Current GA Spell**




Source: GA Characteristics Reports, DHS PAID

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

General Assistance Grants is funded with appropriations from the state's General Fund.

## Contact

For more information on General Assistance Grants, contact the DHS Community Partnerships Division, (651) 431-3809.
Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: FORECASTED PROGRAMS
Activity: GENERAL ASSISTANCE GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 43,823 | 49,947 | 49,947 | 49,947 | 99,894 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (275) | (58) | (333) |
| November Forecast Adjustment | | (373) | 1,189 | 1,054 | 2,243 |
| Subtotal - Forecast Base | 43,823 | 49,574 | 50,861 | 50,943 | 101,804 |
| **Governor's Recommendations** | | | | | |
| Combine & Restructure EGA & EMSA | | 0 | (1,200) | (1,160) | (2,360) |
| **Total** | **43,823** | **49,574** | **49,661** | **49,783** | **99,444** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 42,712 | 49,574 | 49,661 | 49,783 | 99,444 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 36 | 100 | 100 | 100 | 200 |
| **Total** | **42,748** | **49,674** | **49,761** | **49,883** | **99,644** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 42,748 | 49,674 | 49,761 | 49,883 | 99,644 |
| **Total** | **42,748** | **49,674** | **49,761** | **49,883** | **99,644** |

**Activity at a Glance**

- Provides 28,780 people with disabilities or over age 65 with a $95.09 cash supplement each month.

## Activity Description

Minnesota Supplemental Aid (MSA) Grants provides a state-funded monthly cash supplement to people who are eligible for federal Supplemental Security Income (SSI) benefits and are disabled, aged, or blind.

## Population Served

To receive MSA benefits, a person must be

- age 65 or older;
- blind or have severely impaired vision; or
- disabled and age 18 or older; and
- eligible for SSI.

## Services Provided

MSA standards are adjusted by the amount of the cost of living adjustment (COLA) in SSI, if any. The monthly MSA grant is based on the difference between the recipient's monthly SSI benefit rate and the appropriate MSA standard. As of 1-1-09, MSA standards are $735 each month to individuals living alone and $1,102 each month to couples. Additional amounts may be available for persons with emergency or special needs. Federal SSI funds are deducted from the MSA standards, significantly reducing the actual MSA payment amount. MSA monthly grants averaged $95.09 in SFY 2010.

## Historical Perspective

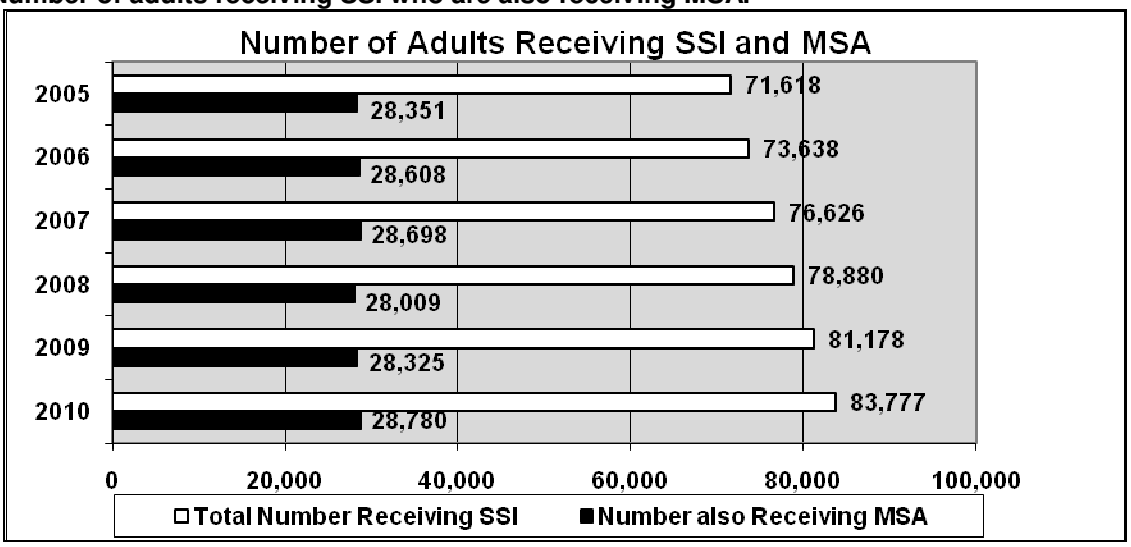
The legislature established the MSA program in 1974. The program serves as the federally mandated supplement to Minnesota recipients of the SSI program.

## Key Goals & Measures

- ***Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs***. At-risk adults who are without children and struggling to meet their basic needs will receive a seamless continuum of financial, employment, health care, housing, social service, and other supports from the department and its partners. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

  Key activity measures include

  - **Number of adults receiving SSI who are also receiving MSA.**




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Minnesota Supplemental Aid Grants is funded with appropriations from the state General Fund.

## Contact

For more information on MSA Grants, contact the Minnesota Supplemental Aid Office at (651) 431-4049. Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT

## Program: FORECASTED PROGRAMS

Activity: MINNESOTA SUPPLEMENTAL AID GR

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 35,651 | 39,034 | 39,034 | 39,034 | 78,068 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (1,964) | (1,241) | (3,205) |
| November Forecast Adjustment | | (2,148) | 1,963 | 2,158 | 4,121 |
| Subtotal - Forecast Base | 35,651 | 36,886 | 39,033 | 39,951 | 78,984 |
| **Governor's Recommendations** | | | | | |
| Combine & Restructure EGA & EMSA | | 0 | (1,100) | (1,100) | (2,200) |
| **Total** | **35,651** | **36,886** | **37,933** | **38,851** | **76,784** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 33,297 | 36,886 | 37,933 | 38,851 | 76,784 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 2 | 50 | 50 | 50 | 100 |
| **Total** | **33,299** | **36,936** | **37,983** | **38,901** | **76,884** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 33,299 | 36,936 | 37,983 | 38,901 | 76,884 |
| **Total** | **33,299** | **36,936** | **37,983** | **38,901** | **76,884** |

**Activity at a Glance**

- Provides room and board in 5,200 settings for an average of 17,500 recipients a month.
- Pays the basic GRH room and board rate of $846 per month.
- Serves a variety of people, including people with developmental disabilities, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.

## Activity Description

Group Residential Housing (GRH) Grants provides income supplements for room, board, and other related housing services for people whose illnesses or disabilities prevent them from living independently. In order for its residents to be eligible for GRH payments, a setting must be licensed by the Minnesota Department of Human Services (DHS) as an adult foster home or by the Minnesota Department of Health as a board and lodging establishment, a supervised living facility, a boarding care home, or, in some cases, registered as a housing-with-services establishment.

## Population Served

- There are more than 5,200 GRH settings serving a monthly average of 17,500 recipients who are unable to live independently in the community due to illness or incapacity.
- GRH settings serve a variety of people, including people with developmental disabilities, mental illness, chemical dependency, physical disabilities, advanced age, or brain injuries.
- People receiving GRH often also receive services through Medical Assistance (MA) Home Care, a MA home and community-based waiver under Title XIX of the Social Security Act, or mental health grants. In these cases, the GRH rate is restricted to the room and board rate only. The combination of GRH room and board supports and Medical Assistance services enables people to live in their communities rather than in institutions.

## Services Provided

- GRH separately identifies housing costs from services and provides a standard payment rate for housing for aged, blind, and disabled people in certain congregate settings.
- GRH is a supplement to a client's income to pay for the costs of room and board in specified licensed or registered settings.
- Currently, the basic GRH room and board rate is $846 per month, which is based on a statutory formula. The maximum additional GRH payment rate for settings that provide services in addition to room and board is $459.85 per month. In limited cases, and upon county and state approval, GRH will also fund up to $459.85 per month (based on documented costs) for people whose needs require specialized housing arrangements.
- Although GRH is 100% state-funded, these rates are offset by the recipient's own income contribution (usually Supplemental Security Income or Social Security Retirement or Disability Insurance contributions of at least $674).
- GRH also pays for basic support services, such as oversight and supervision, medication reminders, and appointment arrangements, for people who are ineligible for other service funding mechanisms, such as home and community-based waivers or home care.

## Historical Perspective

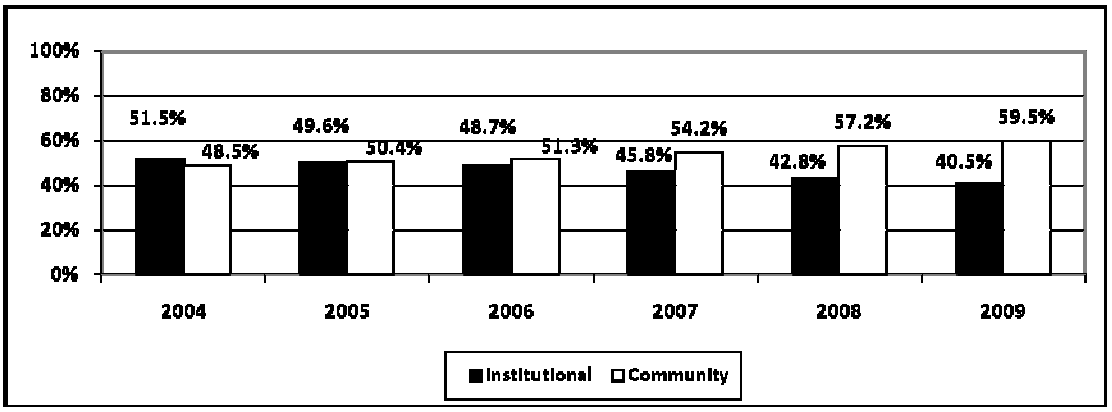
GRH was once part of the Minnesota Supplemental Aid (MSA) Program but was made a separate program in the mid-1990s. There is currently a moratorium on the addition of GRH beds with a rate that exceeds the base rate of $846 per month.

## Key Activity Goals & Measures

- ***People in need will receive support that helps them live as independently as possible***. This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs***. At-risk adults who are without children and struggling to meet their basic needs will receive a seamless continuum of financial, employment, health care, housing, social service, and other supports from the department and its partners. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

Key activity measures include:

- **Proportion of elderly receiving publicly-funded services living in institutional versus community settings.**




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Group Residential Housing Grants is funded with appropriations from the state General Fund.

## Contact

For more information on Group Residential Housing, contact Community Living Supports, (651) 431-3885.
Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: FORECASTED PROGRAMS
Activity: GROUP RESIDENTIAL HOUSING GR

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 112,387 | 115,992 | 115,992 | 115,992 | 231,984 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 7,028 | 14,298 | 21,326 |
| November Forecast Adjustment | | (1,633) | (1,585) | (947) | (2,532) |
| Subtotal - Forecast Base | 112,387 | 114,359 | 121,435 | 129,343 | 250,778 |
| **Total** | **112,387** | **114,359** | **121,435** | **129,343** | **250,778** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 111,322 | 114,359 | 121,435 | 129,343 | 250,778 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 1,671 | 1,650 | 1,650 | 1,650 | 3,300 |
| **Total** | **112,993** | **116,009** | **123,085** | **130,993** | **254,078** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 112,533 | 115,549 | 124,210 | 131,480 | 255,690 |
| Local Assistance | 460 | 460 | (1,125) | (487) | (1,612) |
| **Total** | **112,993** | **116,009** | **123,085** | **130,993** | **254,078** |

**Activity at a Glance**

- Purchases health care for 118,000 enrollees per month (FY 2009 average)
- Assists low-income, working families and adults who cannot afford health insurance
- Invests in preventive health care that makes Minnesota one of the healthiest states in the country
- Supports families that have transitioned from welfare to work

## Activity Description

MinnesotaCare Grants pay for health care services for Minnesotans who do not have access to affordable health insurance. There are no health condition barriers but applicants must meet income and other program guidelines to qualify. Enrollees pay a premium based on income.

## Population Served

Enrollees typically are working families and people who do not have access to affordable health insurance:

- Children, parents with children under 21, and pregnant women must have household incomes at or below 275% of the federal poverty guidelines (FPG). Parents with household incomes over $50,000 are not eligible. In FY 2009, an average of 70,000 people was enrolled under these categories each month.
- Adults (age 21 and over) without children must have household incomes at or below 250% of FPG. In FY 2009, the average monthly enrollment of adults without children was 48,000.
- Except for certain low-income children, applicants are not eligible if they have other health insurance (including Medicare), have access to coverage through their employer and the employer's share of the premium is 50% or more, have had access to such coverage in the past 18 months, or have had other insurance within the past four months.

| Income as a percent of federal poverty guidelines (FPG) | Percent of MinnesotaCare households in 2009 |
|---|---|
| ≤ 100% | 44.1% |
| 101% - 150% | 29.3% |
| 151% - 175% | 11.4% |
| 176% - 200% | 7.8% |
| 201% - 275% | 7.2% |
| > 275% | 0.2% |

The average enrollee premium for FY 2009 was $24 per person per month. The premium for some low-income children is $4 per month.

Adults (except pregnant women) must also meet asset limits. A household size of one can own up to $10,000 in assets; a household size of two or more can own up to $20,000. Some assets, such as homestead property and burial funds, are not counted.

## Services Provided

MinnesotaCare pays for many basic health care services. The Department of Human Services (DHS) contracts with managed care health plans to provide services. Covered services include:

- medical transportation (emergency use only for non-pregnant adults);
- chemical dependency treatment;
- chiropractic care, with a $3 co-pay for non-preventive visits for adults (pregnant women do not have a copay);
- physician and health clinic visits, with a $3 co-pay for non-preventive visits for adults (except for pregnant women, who do not have a copay);
- limited adult dental services;
- nonemergency visits to a hospital-based emergency room, with a co-pay (For services provided through 12-31-10 the co-pay is $6. The co-pay will be reduced to $3.50 effective 1-1-11);
- eye checkups and prescription eyeglasses (some restrictions apply), with a $25 co-pay on eyeglasses for adults, except for pregnant women;
- home care, such as a nurse visit or home health aide;
- hospice care;
- immunizations;

- laboratory and X-ray services;
- medical equipment and supplies;
- mental health services;
- most prescription drugs (there is a $3 co-pay for adults, except for pregnant women);
- rehabilitative therapies; and
- inpatient hospital services, with:
  - no dollar limit for children under 21 and pregnant women;
  - no dollar limit for adults who have a child under 21 in their home and whose income is equal to or less than 200% FPG; and
  - a $10,000 limit per year, with a 10% co-pay (up to $1,000 co-pay per adult per year), for all other adults.

For admissions occurring on or after 7-1-11, MinnesotaCare payment for inpatient hospital services for adults without children must be fee-for-service, up to the MA payment rate, and up to the $10,000 annual inpatient benefit limit, minus any copayment.

Children under 21 and pregnant women also have coverage for the following services:
- personal care attendant services;
- nursing home or intermediate care facilities;
- private duty nursing;
- non-emergency medical transportation;
- case management services; and
- full dental services.

## Historical Perspective

MinnesotaCare was enacted in 1992 to provide health care coverage to low-income people who do not have access to affordable health care coverage.

The program was implemented in October 1992 as an expansion of the Children's Health Plan. The Children's Health Plan began in July 1988 and provided comprehensive outpatient health care coverage for children ages one through 17 years. MinnesotaCare initially covered families with children whose income was at or below 185% of FPG. In January 1993, the program was expanded to cover families with children whose income was at or below 275% of FPG. In October 1994, MinnesotaCare became available to adults without children whose income was at or below 125% of FPG. The income standard for adults without children was raised to 135% of FPG in July 1996, to 175% in July 1997, to 200% in January 2008, and to 250% in July 2009.

In 1995, the federal government approved an amendment to the Prepaid Medical Assistance Program §1115 Waiver (known as PMAP+ Waiver) allowing for the provision of federal Medicaid matching funds for children and pregnant women in MinnesotaCare with incomes at or below 275% of FPG. This was followed by an amendment approved in 1999 that allows federal Medicaid matching funds for MinnesotaCare parents and other adult caretakers with incomes up to 275% of FPG. The waiver also allows for different cost-sharing and benefits for parents and caretakers in MinnesotaCare than in Medical Assistance.

In May 2005, Minnesota received approval from the federal Centers for Medicare and Medicaid Services for a three-year extension. Another three-year extension was approved in 2008, and the waiver is due to be renewed again 7-1-11.

Minnesota also uses funds from the Children's Health Insurance Program (CHIP), which was created by Congress in 1997 to help states cover more low-income children and families. The PMAP+ Waiver, in combination with an S-CHIP §1115 Waiver, has been an essential component of Minnesota's effort to develop innovative ways to achieve its long standing goal of continuously reducing the number of Minnesotans who do not have health insurance.

Between 2003 and 12-31-07, MinnesotaCare benefits for adults without children with income over 75% of FPG but no greater than 175% of FPG were limited to certain core services and capped at $5,000 per year. The $5,000 cap was lifted in 2005, and coverage for diabetic supplies and equipment and mental health services was added to the MinnesotaCare benefit set for adults without children.

Beginning in September 2006, certain General Assistance Medical Care (GAMC) applicants and enrollees were required to transition to MinnesotaCare. These applicants and enrollees moved from GAMC coverage to MinnesotaCare coverage with a six-month transition period. County agencies paid MinnesotaCare premiums for these enrollees during the transition period. At the end of the six-month period, enrollees were re-determined for MinnesotaCare and the county agency's obligation to pay the MinnesotaCare premium ended. This Transitional MinnesotaCare program was eliminated effective 4-1-10.

The 2007 legislature enacted a law that provides children ages one through 18 who become ineligible for MA due to excess income, with two additional months of MA coverage followed by automatic MinnesotaCare eligibility until the next MinnesotaCare renewal. These children will be exempt from the MinnesotaCare income limit and from the MinnesotaCare insurance barriers until their MinnesotaCare renewal. These children will be required to pay the standard MinnesotaCare sliding scale premiums to enroll and remain enrolled.

The 2008 legislature enacted provisions to permit MinnesotaCare enrollees who fail to submit renewal forms and related documentation continued eligibility for an additional month beyond their current eligibility period, and to provide enrollees who fail to pay premiums timely one additional month of coverage, before closure for failure to pay premiums.

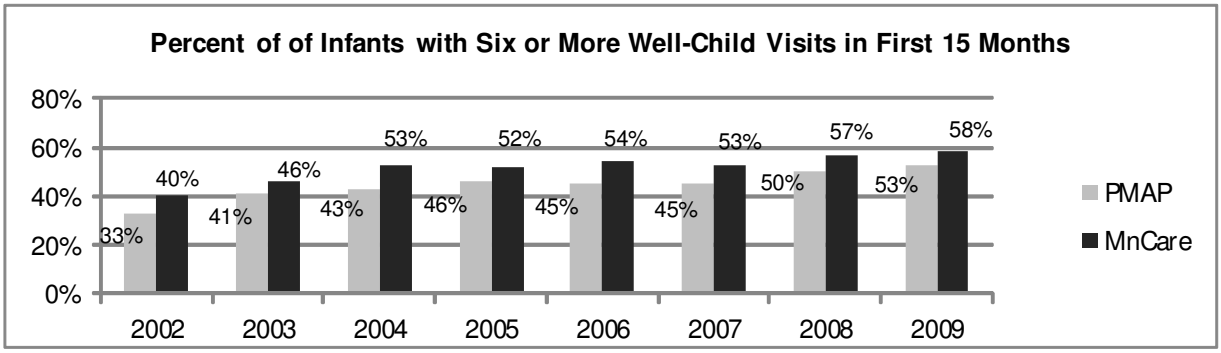
The 2009 legislature enacted provisions that:

- eliminate the 275% FPG income limit on eligibility for children;
- exempt children with family income up to 200% FPG from the employer-subsidized insurance (ESI) barrier, the four-month other health coverage barrier and premiums;
- provide automatic eligibility and exemption from premiums for children who are residing in foster care or a juvenile residential correctional facility on their 18th birthday, with eligibility beginning on the first day of the month following their termination from foster care or release from the residential correctional facility; and
- continue eligibility for children in families with income equal to or below 275% of FPG who fail to submit renewal forms and related documentation necessary for verification in a timely manner, unless the commissioner determines that there has been a change of income that affects premiums.

These changes are effective upon federal approval, which has not yet been received.

## Key Activity Goals & Measures

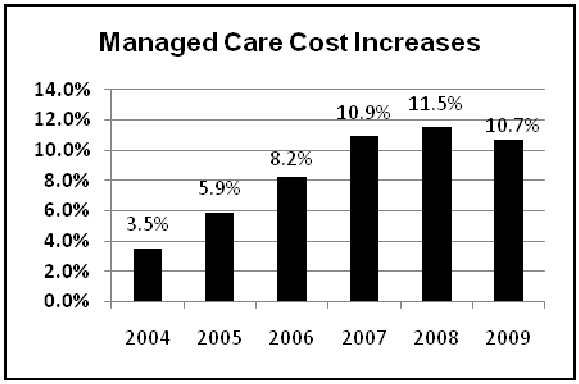
- **Minnesotans will be healthy.** This goal is from Minnesota Milestones (http://server.admin.state.mn.us/mm/goal.html).
  - ***Percentage of children enrolled in Minnesota health care programs who receive the expected number of well-child visits.*** The 2009 data for this measure indicate that for children enrolled in the managed care Prepaid Medical Assistance Programs (PMAP), 53.0% of those in the first 15 months of life received the recommended number of well-child visits for their age group. The comparable figure for children enrolled in the MinnesotaCare managed care program is 58.0%. DHS aims to increase these rates.




- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based

care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

- ***Improve public health care program value.*** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. The measure tracked is managed care cost increases in Minnesota health care programs.
  http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

MinnesotaCare Grants is funded with appropriations from the health care access fund, from federal funds, and from enrollee premiums.

## Contact

For more information on MinnesotaCare Grants, contact Health Care Administration, (651) 431-3050.
Information on DHS programs is available on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **Health Care Access** | | | | | |
| Current Appropriation | 448,647 | 354,096 | 354,096 | 354,096 | 708,192 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (45,293) | 4,831 | (40,462) |
| November Forecast Adjustment | | 95,019 | 85,841 | 116,710 | 202,551 |
| Subtotal - Forecast Base | 448,647 | 449,115 | 394,644 | 475,637 | 870,281 |
| **Governor's Recommendations** | | | | | |
| Managed Care Reforms | | 0 | (5,310) | (18,928) | (24,238) |
| Critical Access Dental Payments | | 0 | (603) | (2,207) | (2,810) |
| Suspend Managed Care Incentive Payments | | 0 | (138) | (138) | (276) |
| Reduce Basic Care Rates | | 0 | (42) | (112) | (154) |
| Managed Care Surcharge & Payment Rates | | 0 | 4,799 | 9,273 | 14,072 |
| End MnCare for Adults Above 200% FPG | | 0 | (10,092) | (23,194) | (33,286) |
| Repeal Unapproved MA Bridge Program | | 0 | (719) | (9,713) | (10,432) |
| Repeal Unapproved Rolling & Grace Month | | 0 | (1,778) | (8,511) | (10,289) |
| Repeal Unapproved MnCare Changes | | 0 | (149) | (2,010) | (2,159) |
| Federal Compliance: Eligibilty Changes | | 0 | 1,988 | 2,904 | 4,892 |
| Tighten CD Tx Placement Criteria | | 0 | (8) | (11) | (19) |
| **Total** | **448,647** | **449,115** | **382,592** | **422,990** | **805,582** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| Health Care Access | 445,846 | 449,115 | 382,592 | 422,990 | 805,582 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 24,681 | 34,402 | 39,949 | 41,186 | 81,135 |
| Federal | 193,530 | 211,814 | 216,944 | 282,850 | 499,794 |
| **Total** | **664,057** | **695,331** | **639,485** | **747,026** | **1,386,511** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 664,057 | 695,331 | 639,485 | 747,026 | 1,386,511 |
| **Total** | **664,057** | **695,331** | **639,485** | **747,026** | **1,386,511** |
| ***Full-Time Equivalents (FTE)*** | **0.0** | **0.0** | **-1.0** | **-2.0** | |

**Activity at a Glance**

- Had an average monthly enrollment of 32,000 in FY 2009
- Since 6-1-10, has delivered most services through coordinated care delivery systems (CCDS). Grants pay for certain health care services for Minnesotans not eligible for Medical Assistance
- Serves primarily low-income adults without children

## Activity Description

General Assistance Medical Care (GAMC) Grants pays for health care services for low-income Minnesotans who are ineligible for Medical Assistance (MA) or other state or federal health care programs.

## Population Served

GAMC serves:

- primarily single adults who are between ages 21 and 64 and who do not have dependent children; and
- people receiving General Assistance (GA) cash grants.

Local county agencies determine eligibility for GAMC within state guidelines. Eligibility criteria include:

- household income may not exceed 75% of the federal poverty guidelines (FPG) and
- assets may not exceed $1,000 per household (Some assets, such as homestead property and burial funds, are not counted.)

Persons not eligible for GAMC include: persons in correctional facilities; persons residing in the Minnesota Sex Offender Program (MSOP); persons with other health insurance; persons not cooperating with disability determinations; and adults living in households with children.

## Services Provided

Most GAMC services are now delivered through hospital-based coordinated care delivery systems (CCDS). A CCDS is a hospital or group of hospitals that contracts with the state to provide covered services as approved by the Commissioner. CCDSs can contract with providers and clinics to deliver covered services and must contract with essential community providers to the extent practicable.

As of 9-1-10, there are four delivery systems contracting with the state to serve GAMC enrollees. Services that are covered for all GAMC recipients, regardless of CCDS enrollment, are:

- outpatient prescription drugs dispensed by pharmacies;
- medication therapy management services performed by pharmacists; and
- alcohol and drug treatment through the county.

Services available at all CCDSs include:

- inpatient and outpatient hospital;
- doctor or clinic visits;
- emergency room care (ER);
- medical transportation (ambulance);
- mental health services; and
- physician-administered drugs.

Additional services may vary by CCDS. Chemical dependency treatment services may be available to GAMC-eligible individuals through the Consolidated Chemical Dependency Treatment Fund.

Copays for GAMC include a $25 copay on nonemergency ER visits and a $3 or $1 copay on prescription drugs, up to a maximum $7 per month.

For services provided on or after 6-1-10, and to 2-28-11, non-CCDS hospitals choosing to serve GAMC clients who are not enrolled in a CCDS can submit claims for reimbursement through a temporary uncompensated care pool.

GAMC also covers outpatient prescription drugs on a fee-for-service basis through a prescription drug pool, subject to limits on available funding. Copays on prescription drugs include $3 for brand name and $1 for generics subject to a $7 per month maximum. Copayments do not apply to anti-psychotic drugs used to treat mental illness or to prescription drugs used for family planning.

## Historical Perspective

The legislature established the state-funded GAMC program in 1976. GAMC paid for the same broad range of medical services as MA until 1981, when coverage was restricted to seven major services: inpatient hospital care, outpatient hospital care, prescription drugs, physician services, medical transportation, dental care, and community mental health center day treatment. Many services were later added back into coverage.

In 1989, provisions were added that made a person who gives away certain property ineligible for GAMC for a designated penalty period. In 1995, the time during which such transfers are examined was increased from 30 to 60 months prior to application.

Through 1990, the state paid 90% of the GAMC costs and counties paid 10%. Beginning in 1991, the state began covering the 10% county share.

In 2003, the following coverages were eliminated:

- coverage for people with incomes over 75% of the FPG who incurred medical bills exceeding the difference between their income and this limit (this provision, known as spenddown, was replaced with a hospital-only coverage option up to 175% of the FPG income cap);
- coverage for bills incurred in the month before the application, and;
- coverage for undocumented and non-immigrant people.

Beginning in September 2006, certain GAMC applicants and enrollees were required to transition to MinnesotaCare. These applicants and enrollees moved from GAMC coverage to MinnesotaCare coverage during a six-month transition period. County agencies paid MinnesotaCare premiums for these enrollees during the transition period. GAMC applicants and enrollees were exempt from the requirement to transition to MinnesotaCare if they met specified criteria. The Transitional MinnesotaCare Program was eliminated for persons who applied for GAMC on or after 4-1-10.

Effective 6-1-10, GAMC services were made available through CCDSs, with the exception of outpatient prescription drugs and medication therapy management. Hospitals contracting as CCDSs receive an allocation based on the hospital's calendar year 2008 fee-for-service payments for GAMC services. Prescription drugs are delivered on a fee-for-service basis from a prescription drug pool. (Hospital-only GAMC coverage for adults over 75% FPG and equal to or less than 175% of FPG was also eliminated.)

## Key Activity Goals & Measures

- ***Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.*** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

  The new GAMC program, with CCDSs, began operations in June 2010. Although its name is still GAMC the new program is significantly different from the GAMC program that it replaced. The development of appropriate outcome measures for the new program is under consideration by the department.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

General Assistance Medical Care Grants is funded with appropriations from the General Fund.

## Contact

For more information on General Assistance Medical Care Grants, contact Health Care Administration,
Phone: (651) 431-2478.
Information on DHS programs is available on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 340,441 | 70,448 | 70,448 | 70,448 | 140,896 |
| **Technical Adjustments** | | | | | |
| November Forecast Adjustment | | | (70,448) | (70,448) | (140,896) |
| Subtotal - Forecast Base | 340,441 | 80,034 | 0 | 0 | 0 |
| **Total** | **340,441** | **80,034** | **0** | **0** | **0** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 296,607 | 89,221 | 429 | -115 | 314 |
| **Total** | **296,607** | **89,221** | **429** | **-115** | **314** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 0 | 0 | (11,761) | (11,761) | (23,522) |
| Payments To Individuals | 296,607 | 89,221 | 12,190 | 11,646 | 23,836 |
| **Total** | **296,607** | **89,221** | **429** | **-115** | **314** |

## Activity at a Glance

- 662,000 Minnesotans receive health care assistance through this grant area each year.
- Eligible Minnesotans receive long-term care services through this grant area each year.

**MA coverage of Basic Health Care for Families and Children**

- Purchases preventive and primary health care for a monthly average of 395,000 enrollees (in FY 2009)
- Acts as a safety net health care program for the lowest income Minnesotans
- Is the state's largest publicly-funded health care program

**MA coverage of Basic Health Care for Elderly and Disabled**

- Purchases health care for an average of approximately 55,600 elderly Minnesotans and 106,500 people with disabilities (in FY 2009)
- Helps an average of 11,100 elderly and people with disabilities with paying Medicare premiums and co-payments

**MA coverage of Long-Term Care Facilities Services**

- Nursing facility and boarding care home services provide services to 30,000 people per month, 19,000 of whom are on MA
- Provides ICF/MR services to 1,800 residents per month
- Provides DT&H services to 13,200 people per year

**MA coverage of LTC Waivers and Home Care**

- Supports 48,900 people per month who are at risk of placement in an institution in the community through long-term care waivers
- Provides MA personal care and private duty nursing to 15,300 people per month
- Provides home health care services to 5,000 people per month

## Activity Description

Medical Assistance (MA) is Minnesota's Medicaid program. MA purchases preventative and primary health care services for low-income Minnesotans. This budget activity also covers long-term care (LTC) services for individuals at risk of nursing facility (NF) care and intermediate care facilities for people with developmental disabilities (ICFs/MR), as well as home care services and the home and community-based option of long-term care waivers.

## Population Served

Primary and preventative health care services are provided to pregnant women, children, parents/caregivers of children under age 20, people with disabilities, and blind and elderly Minnesotans.

## Services Provided

In general, local county agencies determine eligibility for MA within federal and state guidelines. See additional MA Focus pages (following) for more information about the MA services provided to families and children, people with disabilities, and the elderly.

A few MA services (e.g. non-emergency Emergency Room visits, prescription drugs) require copayments. Federal regulations limit the amounts that can be required as copayments and limit who can be charged copayments. For example, the following people do not have to pay co-pays: pregnant women, children under age 21, people residing in or expecting to reside for more than 30 days in a long-term care facility, people receiving hospice care, Minnesota Family Planning Program enrollees, and people in the Refugee Medical Assistance Program. Co-pays for enrollees with income at or below 100% of the federal poverty guidelines are limited to 5% of their monthly income.

## Historical Perspective

In 1966, less than a year after Congress established the Medicaid program under Title XIX of the Social Security Act, Minnesota began receiving federal matching funds for the state's MA program. By accepting federal matching funds, states are subject to federal regulations, but have some flexibility concerning coverage of groups, covered services, and provider reimbursement rates.

Home and community-based waivers were established under section 1915 of the federal Social Security Act of 1981. These waivers are intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of home and community-based services to people who may otherwise be institutionalized.

Minnesota's MA program has expanded since the mid-1980s. The expansions have focused primarily on low-income, uninsured, or under-insured children, as well as eligibility changes to better support seniors and people with disabilities in their own homes or in small, community-based settings. During this same timeframe a moratorium was placed on nursing facilities and intermediate care facilities for people with developmental disabilities (ICFs/MR) and efforts to develop home and community-based alternatives gained momentum.

The American Recovery and Reinvestment Act (ARRA), enacted in February 2009, prohibits states from restricting eligibility (standards, methodologies, and procedures) beyond eligibility as it existed on 7-1-08.

Restrictions on eligibility include reducing income or asset standards, increasing premiums, adding verifications, requiring more frequent eligibility renewals, and some changes to long term care programs that would have the effect of reducing the number of people eligible for Medicaid. The penalty for violating the maintenance of effort (MOE) is loss of the temporary enhanced federal matching funds made available in the ARRA. The ARRA MOE requirement was to expire on 1-1-11, but it has recently been extended to 7-1-11.

The Affordable Care Act, enacted in March of 2010, created a new MOE requirement that requires states to maintain eligibility standards, methodologies, and procedures no more restrictive than those in effect on 3-23-10. This requirement is in effect until the new Health Benefit Exchanges are operational (January of 2014 for adults, and January of 2019 for children). The penalty for violating this requirement can affect all federal matching funds in Medicaid. The federal Centers for Medicare and Medicaid Services (CMS) agency has not yet issued guidance on the topic of the MOE requirement in the Affordable Care Act.

## Key Activity Goals & Measures

See additional Focus pages (following) for specific goals and measures for the MA program with respect to families and children, people with disabilities, and the elderly.

## Activity Funding

MA Grants are funded with appropriations from the General Fund and from federal Medicaid funds.

## Contact

For information about DHS contacts for the MA program, see the contact information at the end of each of the following Focus sections.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

## Focus: MA Basic Health Care for Families & Children

MA Basic Health Care coverage for Families and Children purchases health care services for the poorest Minnesotans. It differs from MinnesotaCare in that its income guidelines are lower, it does not have premiums, and it pays retroactively for medical bills incurred. MA Basic Health Care for Families and Children includes funding for the Minnesota Family Planning Program (MFPP), a program that provides coverage of family planning and related health care services for people who are not currently enrolled in any other Minnesota Health Care Programs.

**Population Served**

**MA serves**

- pregnant women with incomes at or below 275% of the federal poverty guidelines (FPG);
- infants under age two with incomes at or below 280% of the FPG;
- children ages two through 18 at or below 150% of the FPG; and
- parents, relative caretakers, and children ages 19 and 20 at or below 100% of the FPG.

Families and children with income over the MA limits may qualify through a spend-down provision if incurred medical bills equal or exceed the difference between their income and 100% of the FPG.

Adults (except pregnant women) must also meet asset limits. A household size of one can own up to $10,000 in assets; a household size of two or more can own up to $20,000. Some assets, such as homestead property and burial funds, are not counted. Enrollees who become ineligible for MA because of increased earned income or child/spousal maintenance may be eligible for transitional MA for four to 12 months.

MA provides retroactive coverage for medical bills incurred up to three months before the date of application.

DHS determines eligibility for the Minnesota Family Planning Program (MFPP). Certified providers may determine temporary eligibility. The MFPP serves men and women between ages 15 and 50 with incomes at or below 200% of the FPG.

**Services Provided**

DHS purchases most services for this population through capitated rate contracts with health plans. In most areas of the state, MA parents and children have multiple health plans from which to choose. Covered services include:

- physician services;

- ambulance and emergency room services, with a $6 co-pay on non-emergency, emergency room visits before 1-1-11, and effective on or after 1-1-11, a $3.50 co-pay on non-emergency room visits;
- laboratory and X-ray services;
- rural health clinics;
- chiropractic services;
- early periodic screening, diagnosis, and treatment;
- chemical dependency treatment;
- mental health services;
- inpatient and outpatient hospital care;
- eyeglasses and eye care;
- immunizations;
- medical transportation, supplies, and equipment;
- prescription drugs, with $3 co-pay on brand names, $1 co-pay on generic, and a $7 per month maximum;
- dental care;
- home care;
- hospice care, effective retroactive from 3-23-10 a recipient of MA, age 21 or under, who elects to receive hospice care does not waive coverage for services related to the treatment of the condition for which a diagnosis of terminal illness has been made;
- nursing home; and
- rehabilitative therapies.

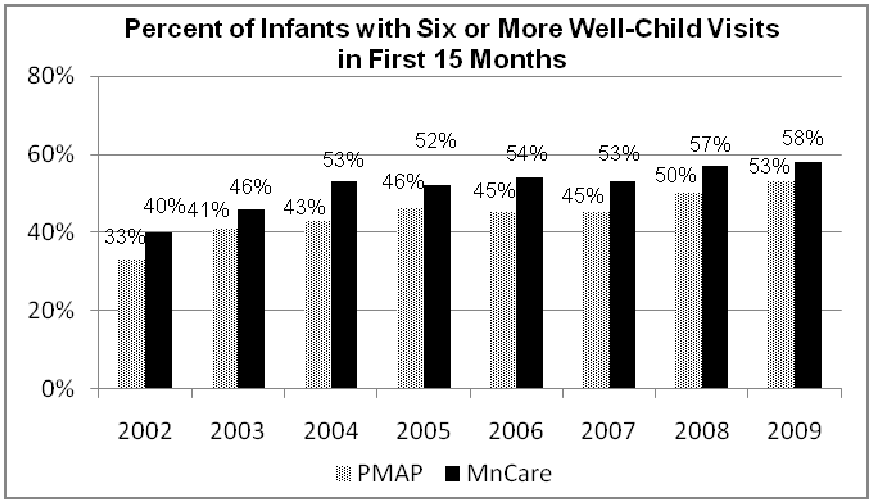
**Historical Perspective**

Minnesota's MA program has expanded since the mid-1980s. The expansions have focused primarily on low-income, uninsured, or under-insured children, as well as eligibility changes to better support seniors and people with disabilities in their own homes or in small, community-based settings. In 2002, the income limit for children was increased for children ages two through 18 to 175% of the FPG. This limit was reduced in 2003 to 150% of FPG.

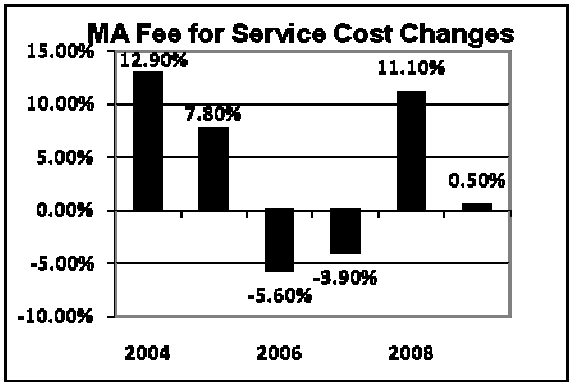
Since the 1970s, Minnesota's approach to purchasing basic health care benefits under MA has evolved from strictly fee-for-service to increased use of contracts with health plans to deliver care for a fixed, or capitated, amount per person. Capitated contracts provide incentive for cost-effective and coordinated care and extend access to the same health care providers as the general public.

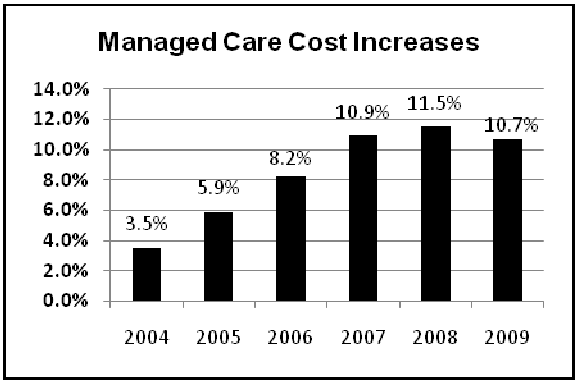
**Key Activity Goals & Measures**

- **Minnesotans will be healthy.** This goal is from Minnesota Milestones (http://server.admin.state.mn.us/mm/goal.html).
  - ***Percentage of children enrolled in Minnesota health care programs who receive the expected number of well-child visits.*** The 2009 data for this measure indicate that for children enrolled in the managed care Prepaid Medical Assistance Programs (PMAP), 53% of those in the first 15 months of life received the recommended number of well-child visits for their age group. (The comparable number for children enrolled in the MinnesotaCare managed care program is 58%.) DHS aims to increase these rates.



- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
  - **Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. The measure tracked is cost increases in Minnesota health care programs. http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm




**For more information on DHS performance measures, see**
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

**Contact**
For more information about MA coverage for this population, contact Health Care Administration, (651) 431-2478.

## Focus: MA Basic Health Care for Elderly and Disabled

MA Basic Health Care Grants–Elderly and Disabled purchases preventive and primary health care services for Minnesota's low-income elderly (65 years or older), and for people who are blind or have a disability. These funds also help many low-income Minnesotans pay Medicare premiums and co-payments.

**Population Served**
Elderly and disabled Minnesotans eligible for full MA coverage include:

- elderly people and people with disabilities who have incomes at or below 100% of the federal poverty guidelines (FPG) and
- people with incomes over the MA limit who may qualify if their incurred medical bills exceed the difference between their income and the spend-down standard of 75% of the FPG.

The applicable asset limit is $3,000 for a single person and $6,000 for a couple. Some assets, such as homestead property and burial funds, are not counted. MA provides coverage for medical bills incurred up to three months before the date of application.

Additionally, several thousand Minnesotans receive help paying Medicare costs only (rather than comprehensive MA coverage). MA covers all Medicare Part A and B cost-sharing, including premiums, for Medicare enrollees with incomes at or below 100% of the FPG. MA covers the Medicare Part B premium for Medicare enrollees with incomes between 100% and 120% of the FPG.

Medicare enrollees with incomes between 120% and 135% of the FPG, receive coverage of the Part B premium only. Higher asset limits apply to these enrollees: $10,000 for a single person and $18,000 for a couple.

Over 7,400 working people with disabilities receive full MA coverage under the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. To be eligible for MA-EPD, an individual must:

- be certified disabled by either the Social Security Administration or the State Medical Review Team;

- have gross monthly wages or countable self-employment earnings greater than $65 per month and have Medicare, Social Security, and applicable state and federal income taxes withheld by the employer or paid by the self-employed enrollee;
- be at least 16 but under 65 years of age;
- meet the $20,000 asset limit;
- pay a premium based on the enrollee's earned and unearned monthly income and family size; and
- pay an unearned income obligation equal to 0.5% of gross unearned income.

Since January 2004, all MA-EPD eligible enrollees pay premiums. The average monthly premium billed to MA-EPD enrollees was $63.70 in months of January through June 2010. In June 2010, a majority of enrollees had a monthly gross earned income of less than $720 per month.

**Services Provided**

MA services for elderly and disabled Minnesotans include:

- physician services, with a $3 co-pay on non-preventive services;
- ambulance and emergency room services, with a $6 co-pay on non-emergency, emergency room visits before 1-1-11, and effective on or after 1-1-11, a $3.50 co-pay on non-emergency room visits;
- rural health clinics;
- chiropractic services;
- early periodic screening, diagnosis, and treatment;
- mental health services;
- chemical dependency treatment;
- inpatient and outpatient hospital care;
- eyeglasses and eye care;
- immunizations;
- medical supplies and equipment;
- prescription drugs, with a $3 brand name co-pay, $1 generic co-pay, and a $7 per month maximum;
- dental care;
- medical transportation;
- rehabilitation therapies, and
- hospice care, effective retroactive from 3-23-10 a recipient of MA, age 21 or under, who elects to receive hospice care does not waive coverage for services related to the treatment of the condition for which a diagnosis of terminal illness has been made.

**Historical Perspective**

Since the 1980s, Minnesota's approach to purchasing basic health care benefits for seniors enrolled in MA has evolved from strictly fee-for-service to increased use of contracts with health plans to deliver care for a fixed, or capitated, amount per person. Purchasing with capitated contracts provides more incentive for cost-effective and coordinated care. Enrollment in a health plan is mandatory for most MA seniors under Minnesota Senior Care Plus (MSC+), Minnesota's 1915(b)(c) waiver. MSC+ also includes home and community based waiver services and some nursing home care. Starting in 1995 DHS began contracting with Medicare plans to coordinate both Medicare and MA services for seniors under the same health plan under Minnesota Senior Health Options (MSHO). Except for Medicare, MA benefits are the same under both MSHO and MSC+. Together both programs serve over 48,000 seniors. Coordinated Medicare and MA programs are now available statewide and most seniors have voluntarily enrolled in MSHO.

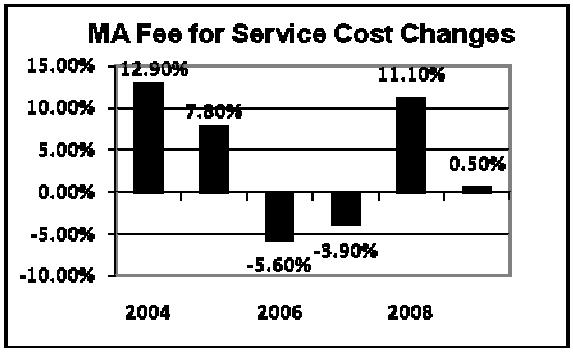
In July 1999, Minnesota added the MA-EPD program that allows people with disabilities to earn income and still qualify for or buy into MA. As of December 2005, 90% of enrollees have Medicare as their primary health care coverage, while MA-EPD covers additional services, such as dental, home care, and personal care services.

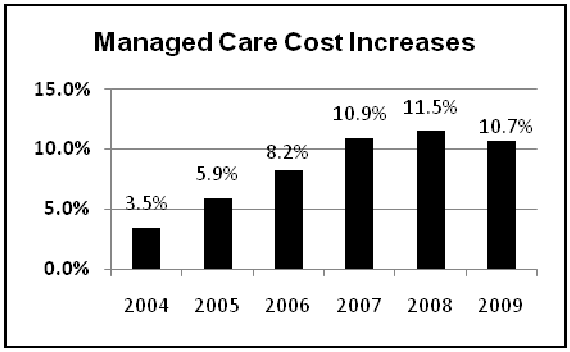
In 2008 DHS established Medicare and MA coordinated health plan options for people with disabilities (Special Needs Basic Care) which also has been operating statewide, serving about 4,500 people. For people with disabilities enrollment in health plans remains voluntary.

**Key Activity Goals & Measures**

- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
  - **Improve public health care program value.** Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding. At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system

to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. The measure tracked is cost increases in Minnesota health care programs. http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

**Contact**
For more information about MA Basic Health Care Grants–Elderly and Disabled, contact the Health Care Administration of DHS at (651) 431-2670.

## Focus: MA - Long-Term Care Facilities

MA Long-Term Care (LTC) Facilities coverage pays for nursing facility (NF) care, intermediate care facilities for people with developmental disabilities (ICFs/MR), and day training and habilitation services for people who are ICF/MR residents.

**Population Served**
MA enrollees who require nursing facility or ICF/MR services must apply and be deemed eligible for LTC services. There are 599 participating long-term care facilities in the state that serve about 31,825 people per month. The following data are from reporting year 2009 for nursing facilities and from FY 2009 for ICFs/MR:

- There are 381 MA-certified NF and boarding care homes with 32,342 beds serving an average of 30,000 people. Of the 30,000 people, almost 19,000 are on MA at an average monthly rate of $4,890. Looking at NF residents as a whole, 58% receive Medical Assistance and 42% privately pay for their care, receive Medicare, or have other payment means.
- There are 218 MA-certified ICFs/MR. Of these facilities, 151 are six beds or fewer and 67 have more than six beds. ICFs/MR served an average of 1,825 recipients per month, receiving an average monthly payment of $6,491 per resident. In FY 2009, three ICFs/MRs were closed and 28 additional beds were decertified due to downsizing.

There are 299 DHS-licensed Day Training and Habilitation (DT&H) services sites in Minnesota serving approximately 13,182 people with developmental disabilities. These sites served an average of 1,489 ICF/MR recipients per month receiving an average MA monthly payment of $1,843 per person.

People who reside in an ICF/MR have the flexibility and choice to receive an alternative option to DT&H, called "service during the day." This means that recipients with developmental disabilities have a choice of day services, as do people who receive a home and community-based waiver.

**Services Provided**
Nursing facilities provide 24-hour care and supervision in an institutional-based setting. Housing and all other services are provided as a comprehensive package including, but not limited to, nursing care, help with activities of daily living and other care needs, housing, meals, medication administration, activities and social services, supplies and equipment, housekeeping, linen and personal laundry, and therapy services (at an extra cost).

ICFs/MR, located in 59 of the state's 87 counties, provide 24-hour care, active treatment, training, and supervision to persons with developmental disabilities. The goal of ICF/MR programs in Minnesota is to assess individuals to determine what they are capable of doing, help individuals acquire the skills necessary for maximum independence, and maintain optimal health of individuals through active treatment. They range in size from four

beds to 64 beds. Some ICFs/MR are less medically oriented than nursing facilities and provide outcome-based services for personal needs. Many facilities now provide services for persons with aging conditions, such as Alzheimer's, and also contract for in-home hospice care. All ICFs/MR must provide functional skill development, opportunities for development of decision making skills, opportunities to participate in the community, and reduced dependency on care providers. Like nursing facilities, an ICF/MR provides a package of services which includes housing and food.

DT&H services are licensed supports providing persons with developmental disabilities help to develop and maintain life skills, participate in the community, and engage in productive and satisfying activities. DT&H services include supervision, training, and assistance in self-care; communication, socialization, and behavior management; supported employment and work-related activities; training in community survival skills and money management; therapeutic activities that increase adaptive living skills; and community-based activities including the use of leisure and recreation time. DT&Hs provide an average of 230 days of service per year.

**Historical Perspective**

Nursing facility usage grew rapidly with the establishment of the federal Medicaid program in the 1960s. Federal matching funds for the state's publicly-funded health care programs provided an incentive for investment in the development of nursing homes. Medicaid expenditures grew as people who qualified for NF services accessed this service. In the 1980s, a moratorium was placed on development of new NFs and efforts were made to develop home and community-based alternatives that are preferred by the elderly and are less expensive. NF utilization has been declining and NFs are more often used for short-term care and rehabilitation following hospitalization. Recent efforts to "right size" the industry and to provide financial stability include provisions for bed layaway, higher rates for short lengths of stay, planned bed closures, and creation of single-bed rooms.

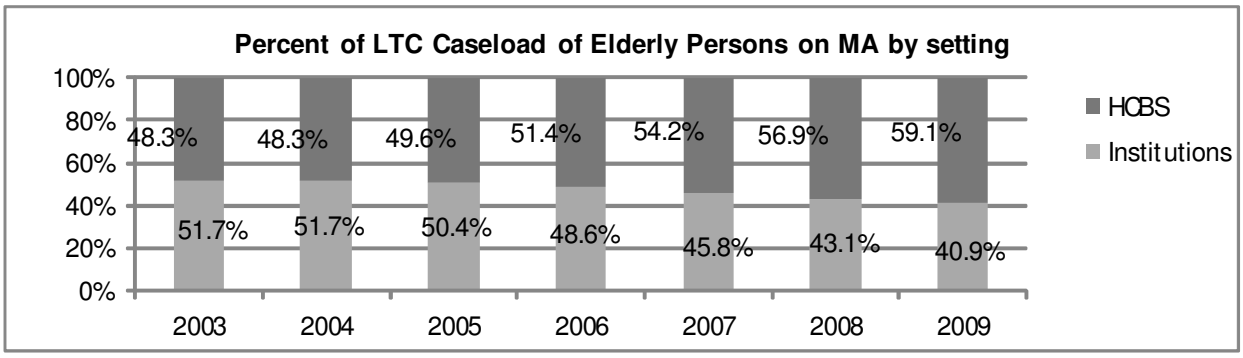
Efforts to improve the quality of nursing facility services have now expanded beyond the historic regulatory approach and include measuring quality, publicly disclosing rankings based on those measures, and tying the quality measures to payment. The quality measures used include:

- quality of life and satisfaction based on resident face-to-face interviews;
- Minnesota quality indicators based on assessments of residents;
- deficiency finding from Minnesota Department of Health inspections;
- level of direct care staffing;
- retention of direct care staff;
- use of staff from temporary agencies; and
- proportion of beds in single-bed rooms.

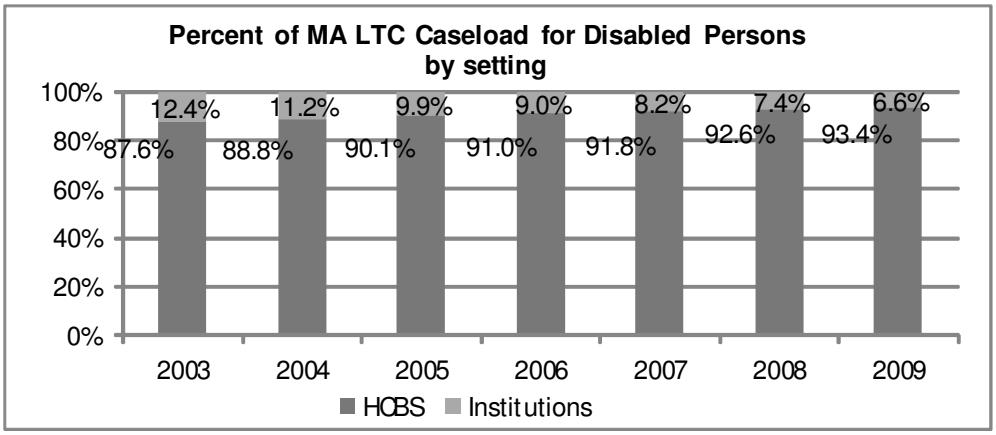
ICFs/MR are another Medicaid-funded entitlement service. Before the 1970s, virtually all public services for people with developmental disabilities were paid for with state funds and delivered in large state institutions. In 1971, Congress authorized Medicaid funding for ICF/MR services. To qualify for Medicaid reimbursement, ICFs/MR had to be MA-certified and comply with federal standards. Smaller ICFs/MR developed in the 1970s and early 1980s to aid in deinstitutionalizing people with disabilities from large state-run institutions. After a moratorium was placed on the development of new ICFs/MR in the mid-1980s, people began receiving services in their own homes through home and community based services. Since that time, the number of people served in ICFs/MR has been steadily declining.

**Key Activity Goals & Measures**

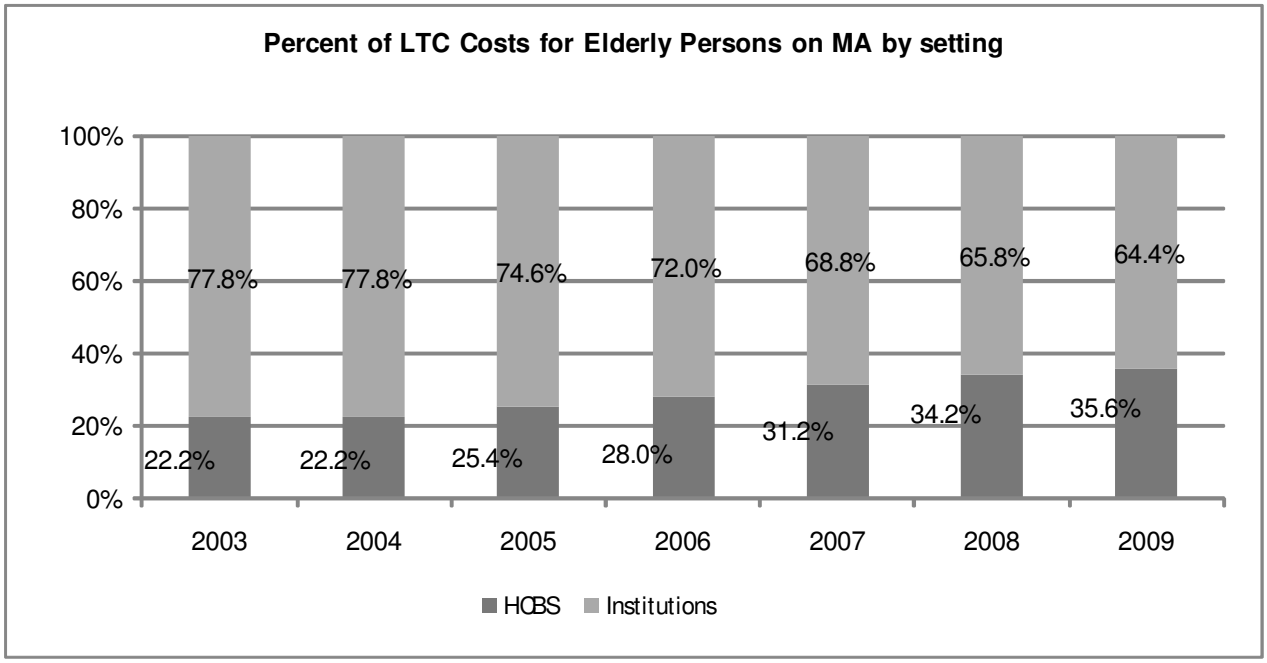
- ***To manage an equitable and sustainable long-term care system that maximizes value***. Reduce the oversupply of nursing home beds while ensuring sufficient access to nursing home services in all regions of the state. Support policies that allow older Minnesotans and Minnesotans with disabilities to live in their homes as long as possible and use non-institutional settings when living in their residence is no longer possible.
- ***To support and enhance quality of life for older people and people with disabilities.*** Improve clinical quality of care and quality of life for nursing facility residents. These goals are derived from the Continuing Care Administration's mission, goals, and results statements.
  - ***Percentage of elderly receiving publicly-funded long-term care that live in the community versus an institutional setting.*** In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Manage Care, FFS Homecare for 65+, and Alternative Care Program.



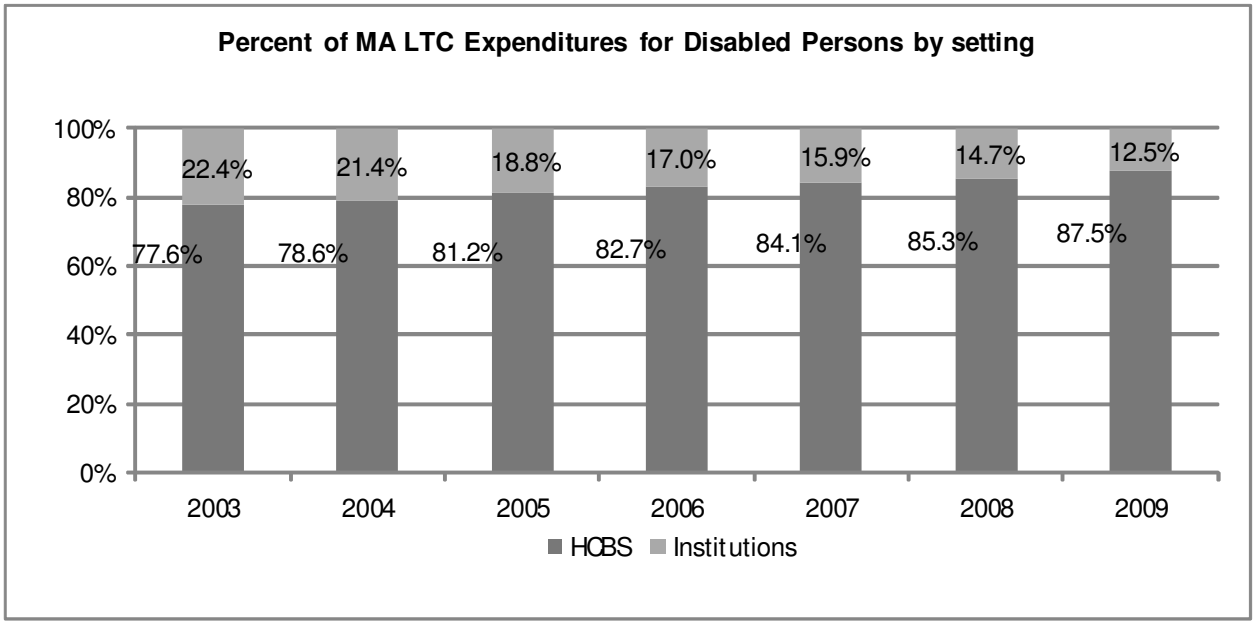

- Percentage of people with disabilities receiving publicly-funded long-term care who live in the community versus institutional settings. In the following chart, "HCBS" refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.




- ***Percentage of public long-term care dollars expended for the elderly in community versus institutional settings.*** In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Manage Care, FFS Homecare for 65+ and Alternative Care Program.

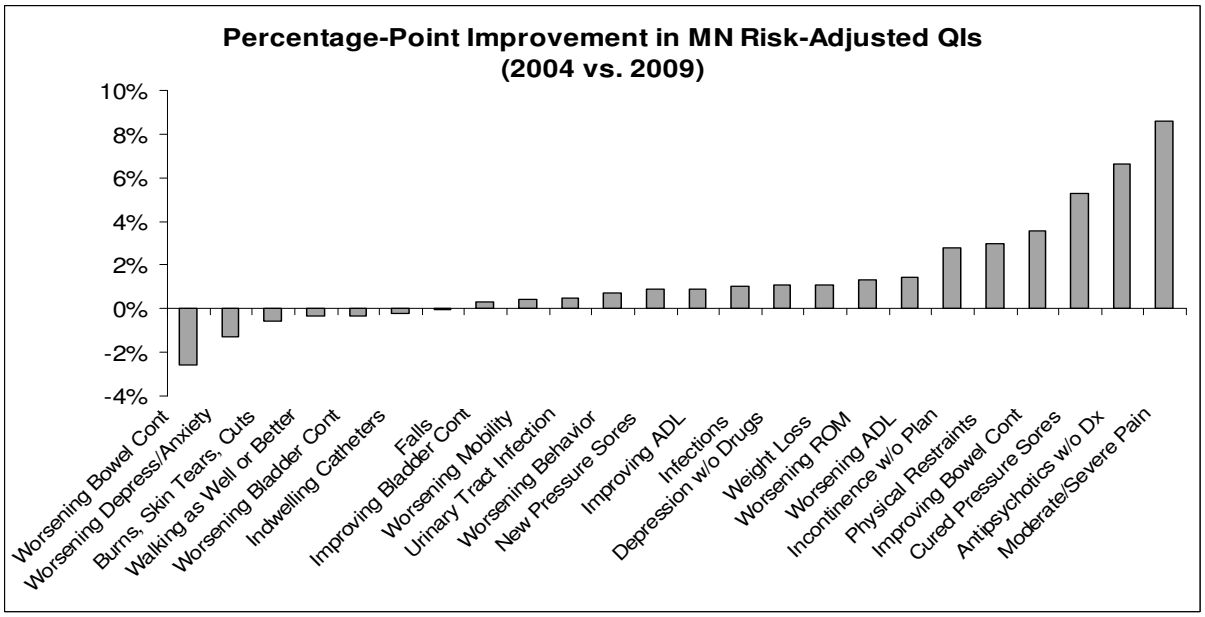


- **Percentage of public long-term care dollars expended in community versus institutional settings for people with disabilities.** In the following chart, "HCBS" refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.



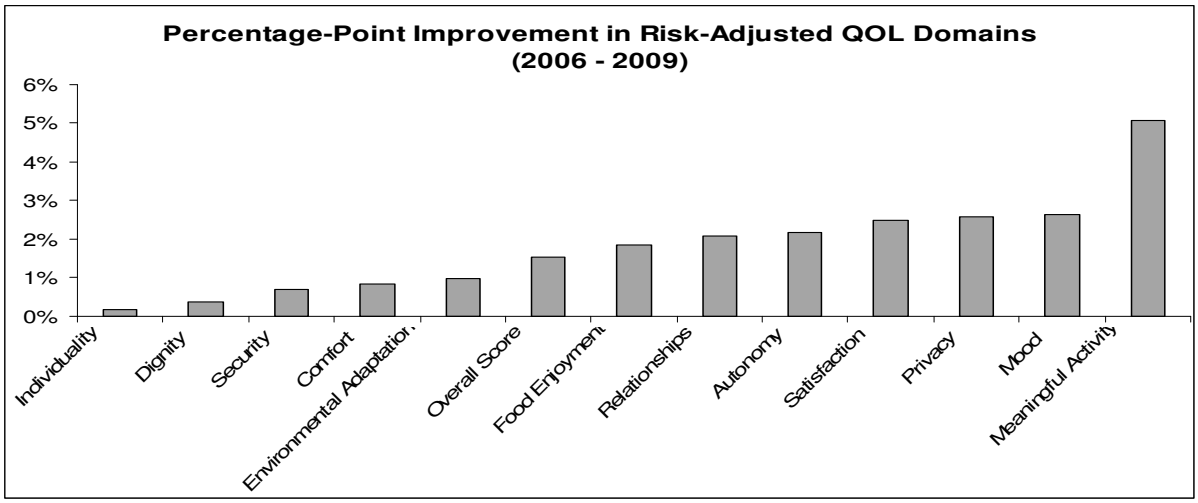

The above measures capture the extent to which the long-term care system is able to support the elderly and people with disabilities in the community and allow them to live independently.

***Trend in Minnesota Quality Indicators***




Every nursing home resident is assessed to determine the level of care they need. This assessment is known as the Minimum Data Set (MDS). The above quality indicators are derived from items in the MDS. The chart reports the change in the quality indicators from 2004 to 2009.

***Trend in Quality of Life***




Resident satisfaction/quality of life (QOL) ratings is a measure based on actual interviews of nursing home residents. A sample of residents in each home is interviewed on an annual basis. (Approximately 14,000 interviews statewide.) The above QOL ratings are derived from items in the MDS. The chart reports the change in the ratings from 2006 to 2009.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

**Contact**

For more information on MA LTC Facility Grants, contact:

- Nursing Facilities Rates and Policy, (651) 431-2280
- Disabilities Services Division, (651) 431-2400.

## Focus: MA LTC Waivers and Home Care

Medical Assistance (MA) Long-Term Care (LTC) waivers and home care pay for a collection of continuing care and health care-related support services that enable low-income Minnesotans, who are elderly or who have disabilities, to live as independently as possible in their communities. LTC waivers refer to home and community-based services available under a federal Medicaid waiver as an alternative to institutional care. Home care pays for personal care assistance, private duty nursing, home health aides, and skilled nursing, as well as physical, occupational, speech, and respiratory therapy.

**Population Served**

LTC waivers and home care serve MA-enrolled people of all ages, including infants and older adults. These programs serve an average of 69,157 people per month.

To receive LTC waivers, a person must be eligible for MA and would otherwise receive care in an institution. Each of the LTC waivers is targeted to a certain group of recipients. To participate, individuals must meet the specific eligibility criteria for that waiver. DHS administers five MA LTC waivers:

- *Community Alternative Care (CAC)*: The CAC waiver serves individuals who are chronically ill and need the level of care provided at a hospital. In FY 2009, the waiver served 300 recipients monthly at a cost of $5,386 per month.
- *Community Alternatives for Disabled Individuals (CADI)*: The CADI waiver serves individuals who have a disability and require the level of care provided in a nursing home. In FY 2009, the waiver served 13,330 recipients monthly at a cost of $2,294 per month.
- *Developmental Disabilities (DD)*: The DD waiver is for individuals with developmental disabilities who need the level of care provided at intermediate care facilities for people with mental retardation or related condition (ICF/DD). In FY 2009, the waiver served an average of 14,182 recipients monthly at a cost of $5,671 per month.
- *Elderly Waiver (EW)*: The Elderly Waiver is for individuals who are over 65 years old and need the level of care provided at a nursing facility. In 2009, the waiver served 2,764 recipients monthly at a cost of $1,521 per month and 16,889 managed care recipients monthly at a cost of $1,146 per month.

- *Traumatic Brain Injury (TBI[1])*: The TBI waiver is for individuals with a traumatic or acquired brain injury who need the level of care provided in a nursing facility or neurobehavioral hospital. In FY 2009, the waiver served 1,357 recipients monthly at a cost of $5,890 per month.

**Services Provided**

LTC waivers, which are also known as home and community-based waiver programs, provide a variety of services that help people live in the community instead of going into or staying in an institutional setting. Waivers can offer in-home, residential, medical, and behavioral supports; customized day services, including employment supports; Consumer-Directed Community Supports (CDCS); transitional services when leaving an institution; transportation; home modifications; case management; caregiver supports; and other goods and services based upon the assessed needs of the person.

Home care includes a range of medical care and support services provided in a person's home and community. MA home care services are authorized based on medical necessity. MA home care services include assessments; home health aide visits; nurse visits; private duty nursing services; personal care services; occupational, physical, speech, and respiratory therapies; and medical supplies and equipment.

**Historical Perspective**

Home and community-based waivers were established under section 1915 of the federal Social Security Act of 1981. These waivers are intended to correct the institutional bias in Medicaid by allowing states to offer a broad range of home and community-based services to people who may otherwise be institutionalized.

In 1999, the United States Supreme County in Olmstead v. L. C. clarified that Title II of the Americans with Disabilities Act (ADA) includes supporting people in the most integrated settings possible. The decision applies to people of any age who have a disability, including mental illness. During 2007, CADI and TBI waivers helped 12,900 individuals either to relocate from an institution to the community or to remain in their homes or communities with support services. This number includes almost 5,200 individuals with a mental health diagnosis who might otherwise receive supports in an institution. Also in 1999, the legislature required the state to increase the DD waiver caseload until all forecasted funds appropriated to the waiver were expended. In accordance with this legislation, the state allowed "open enrollment" for a three-month period in FY 2001. Over 5,000 recipients were added to the program during the open enrollment period.

In 2003, the legislature required a phase-in of Elderly Waiver services and 180 days of nursing facility care to the basic Medicaid managed care package. The resulting product for seniors is named Minnesota Senior Care Plus.

In 2004, the federal Centers for Medicare and Medicaid Services (CMS) approved statewide expansion of Minnesota Senior Health Options (MSHO). MSHO, which has been operating in Minnesota since 1997, is a voluntary alternative for dual eligible seniors ages 65 and older. MSHO plans assume full risk for both Medicare and Medicaid services: primary, acute, and long-term care (including 180 days of nursing home care); the full menu of EW services in the community; and more recently the Medicare Part D drug benefit. As of June 2009, 86% of EW recipients are receiving services through MSHO or Minnesota Senior Care Plus, both of which are managed by health plans. Fee-for-services EW services, which are managed by the counties, comprise 14% of EW clients.

Consumer-Directed Community Supports (CDCS) is a waiver service that provides Minnesotans increased flexibility in determining and designing supports that best meet their needs. In March 2004, the Centers for Medicare and Medicaid Services approved the CDCS service for all LTC waivers. Implementation in all Minnesota counties began in April 2005.

The 2006 legislature provided additional CADI and TBI slots for eligible individuals who were receiving personal care assistance services from a provider who was billing for a service delivery model other than individual or shared care on 3-1-06. With this legislation, 114 individuals moved from using PCA services to either the CADI or TBI waiver.

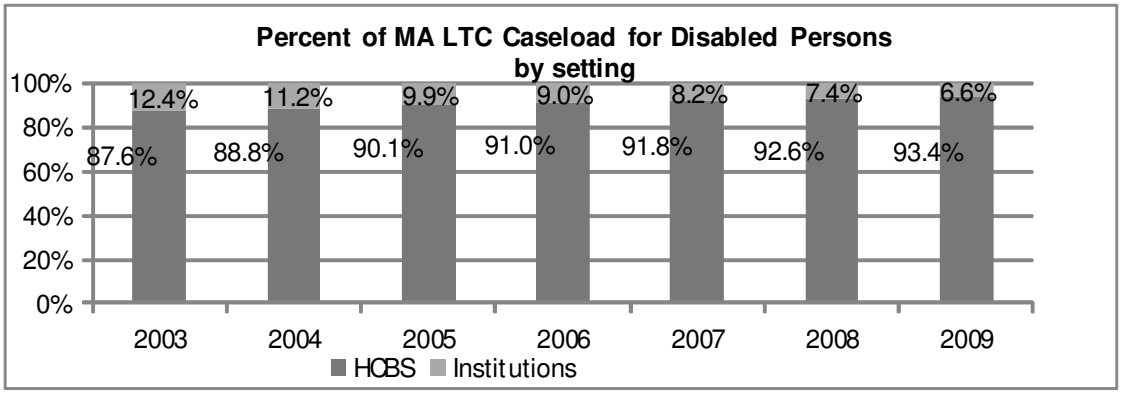
The 2009 legislature passed a moratorium on the licensure of child and adult corporate foster care, in an effort to limit the growth of the most expensive model of residential services and provide an opportunity to expand less costly, more independent options. The 2009 legislature also passed reform of home care services, which included

[1] The department is in the process of changing the name of this waiver to the Brain Injury waiver.

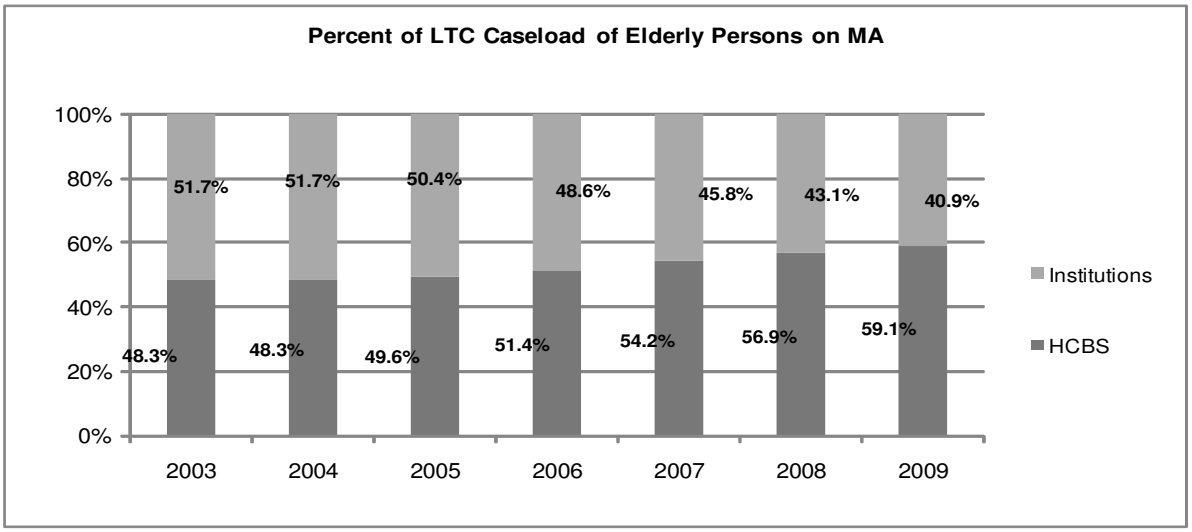
changes to improve consumer protection and assure consumer health and safety, increase accountability, strengthen provider standards, and simplify and clarify requirements.

**Key Activity Goals & Measures**

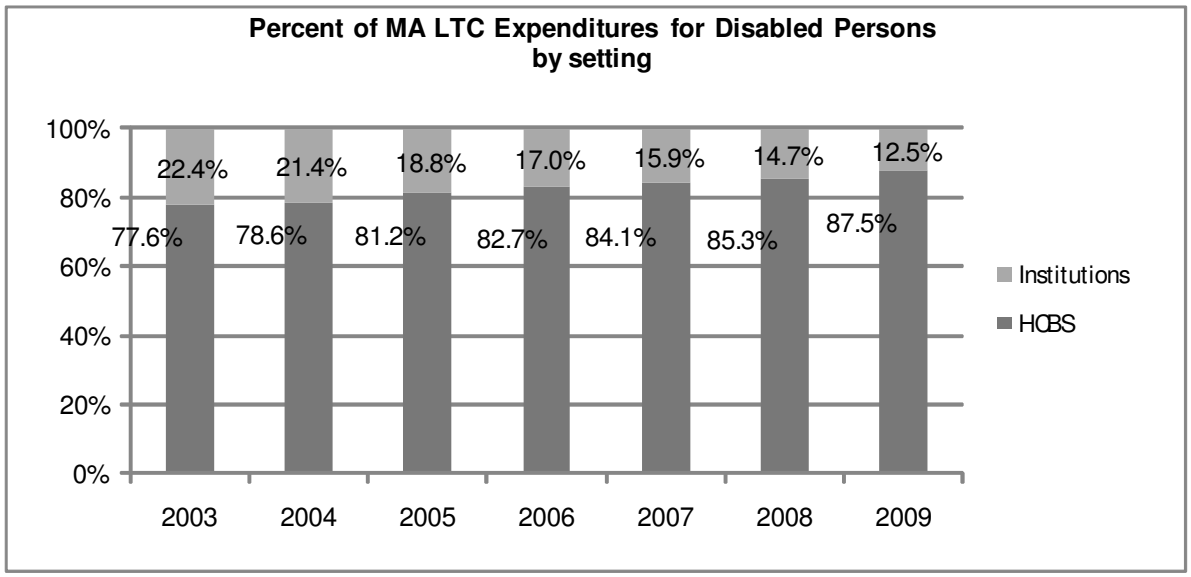
- ***The Continuing Care Administration strives to improve the dignity, health, and independence of the people it serves.*** By doing so, Minnesotans will live as independently as possible, enjoy health, with quality access to health care; have safe, affordable places to live; be contributing and valued members of their communities; and participate in rewarding daily activities, including gainful employment. This goal is derived from the Continuing Care Administration's mission and vision statements.
- ***Support and enhance the quality of life for older people and people with disabilities.*** Minnesota's long-term care service programs support older people and people with disabilities who do not have the resources to meet their own needs. These supports keep people safe and healthy so they can have a good quality of life and live with dignity. This goal is from the Continuing Care Administration's Strategic Plan.
- ***Improve home and community-based services for the elderly and people with disabilities by establishing and using provider performance measures and standards.*** Efforts in this area include integration of all quality activities statewide into a comprehensive quality system for home and community-based services. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
  - **Percentage of people with disabilities receiving publicly-funded long-term care who live in the community versus institutional settings.** In the following chart, "HCBS" refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.



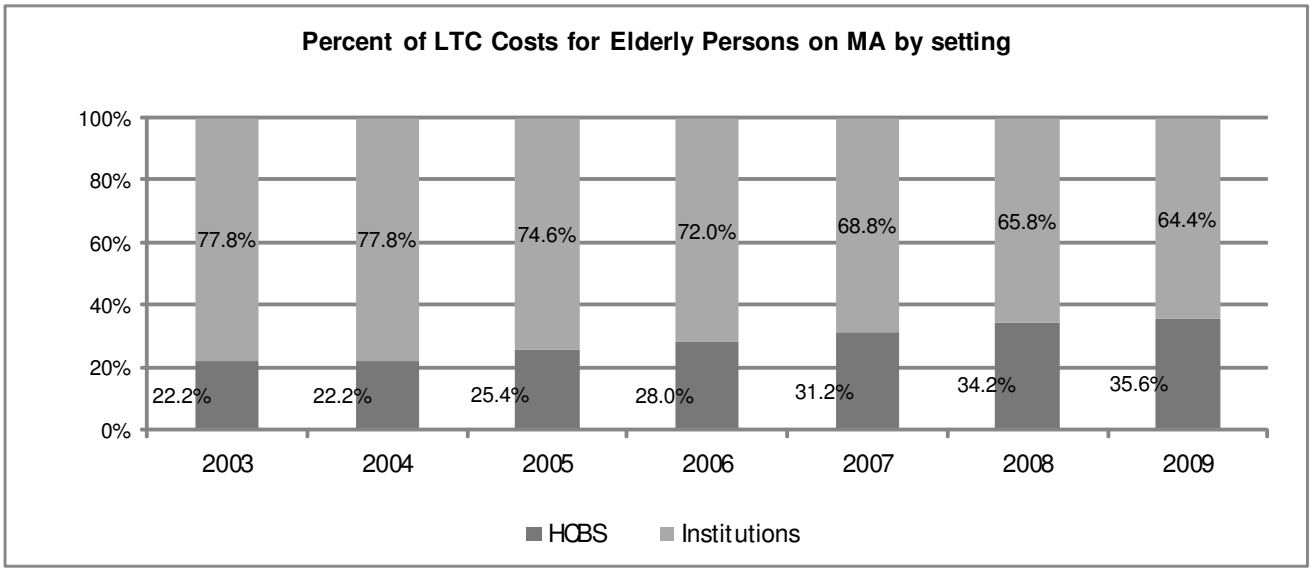

  - **Percentage of elderly receiving publicly-funded long-term care that live in the community versus an institutional setting.** In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Manage Care, FFS Homecare for 65+ and Alternative Care Program.



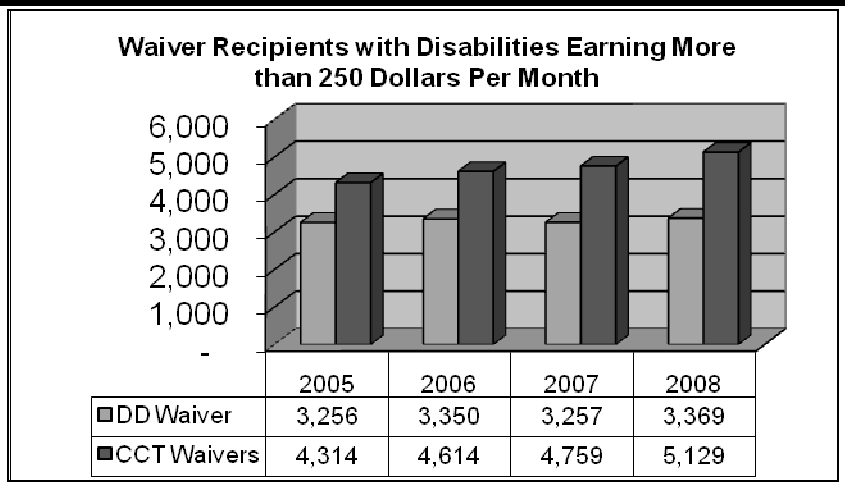
- **Percentage of public long-term care dollars expended in community versus institutional settings for people with disabilities.** In the following chart, "HCBS" refers to home and community based services which are designed to help people with disabilities live in their own community. LTC programs include nursing facilities under 65, ICFs/MR, HCBS Waivers, and Home Care.




- **Percentage of public long-term care dollars expended for elderly in community versus institutional settings**. In the following chart, "HCBS" refers to home and community based services which are designed to help elderly people remain in their own community. LTC for the Elderly includes the EW-Fee for Service, EW-Manage Care, FFS Homecare for 65+ and Alternative Care Program.




- **Percentage of people with disabilities receiving CAC, CADI, TBI, and DD services who are working age and earning at least $250 per month.**




| | 2005 | 2006 | 2007 | 2008 |
|---|---|---|---|---|
| DD Waiver | 3,256 | 3,350 | 3,257 | 3,369 |
| CCT Waivers | 4,314 | 4,614 | 4,759 | 5,129 |

Working age means 22-64 years old. "CCT recipients" are persons on the CADI, CAC, or TBI waiver programs. In 2008, there were 16,975 CCT waiver recipients, with 5,129 recipients earning more than $250 per month. "DD recipients" are persons on the DD Waiver. For 2008, there were 16,645 DD Waiver recipients with 3,369 recipients earning more than $250 per month.

Each of these measures captures the extent to which the long-term care system is able to support people with disabilities in the community and allow them to live independently.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

**Contact**

For more information on MA LTC Waivers and Home Care Grants, contact:

- Disability Services Division, (651) 431-2400
- Aging and Adult Services Division, (651) 431-2600

Information on DHS programs is on the department's Web-site: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 2,833,840 | 3,542,232 | 3,542,232 | 3,542,232 | 7,084,464 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 1,249,737 | 1,586,359 | 2,836,096 |
| November Forecast Adjustment | | (238,765) | (103,252) | (88,244) | (191,496) |
| Subtotal - Forecast Base | 2,833,840 | 3,303,467 | 4,688,717 | 5,040,347 | 9,729,064 |
| **Governor's Recommendations** | | | | | |
| Eliminate Delayed 1% DD Waiver Acuity | | 0 | (4,481) | (4,481) | (8,962) |
| Managing Elderly Waiver & AC Programs | | 0 | (12,035) | (13,475) | (25,510) |
| Low Needs NF Case Mix | | 0 | (8,624) | (9,081) | (17,705) |
| Reduce Certain Congregate Living Rates | | 0 | (5,382) | (8,073) | (13,455) |
| Disability Waiver Enrollment Limits | | 0 | (12,890) | (32,873) | (45,763) |
| Separate EW and NF Rates | | 0 | (238) | (1,001) | (1,239) |
| Reduce Provider Rates & Grants | | 0 | (64,254) | (72,958) | (137,212) |
| Modify Non-Rate Payments | | 0 | (7,929) | (8,883) | (16,812) |
| NF and ICF/MR Surcharges | | 0 | 11,629 | 12,486 | 24,115 |
| Coverage for Dental Therapists | | 0 | 31 | 89 | 120 |
| Managed Care Reforms | | 0 | (18,522) | (72,006) | (90,528) |
| Evidence-Based Childbirth Program | | 0 | (481) | (962) | (1,443) |
| Rehab Service Coverage & PA Changes | | 0 | (642) | (1,169) | (1,811) |
| Modify Communication Device Pricing | | 0 | (124) | (191) | (315) |
| Modify Pharmacy Reimbursement Method | | 0 | (685) | (722) | (1,407) |
| Critical Access Dental Payments | | 0 | (2,128) | (3,123) | (5,251) |
| Payment of Medicare Crossover Claims | | 0 | (10,829) | (32,296) | (43,125) |
| Suspend Managed Care Incentive Payments | | 0 | (645) | (645) | (1,290) |
| Reduce Basic Care Rates | | 0 | (1,011) | (1,446) | (2,457) |
| Reduce Rates for Transportation Services | | 0 | (1,651) | (2,458) | (4,109) |
| Maintain Child & Teen Check-up Rates | | 0 | (130) | (265) | (395) |
| Delay Inpatient Hospital Rebasing | | 0 | 0 | (99,041) | (99,041) |
| Reduce PMAP MERC Funding | | 0 | (12,808) | (12,808) | (25,616) |
| MA Hospital Surcharge and Payment Rates | | 0 | 61,942 | 61,495 | 123,437 |
| Managed Care Surcharge & Payment Rates | | 0 | 35,270 | 67,620 | 102,890 |
| Federal Compliance: Eligibilty Changes | | 0 | 20,117 | 43,262 | 63,379 |
| **Total** | **2,833,840** | **3,303,467** | **4,652,217** | **4,847,342** | **9,499,559** |
| **Health Care Access** | | | | | |
| Current Appropriation | 0 | 0 | 0 | 0 | 0 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 3,184 | 6,993 | 10,177 |
| November Forecast Adjustment | | 0 | (259) | (427) | (686) |
| Subtotal - Forecast Base | 0 | 0 | 2,925 | 6,566 | 9,491 |
| **Governor's Recommendations** | | | | | |
| Repeal Unapproved MA Bridge Program | | 0 | (2,925) | (6,566) | (9,491) |
| **Total** | **0** | **0** | **0** | **0** | **0** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| General | 2,738,134 | 3,308,434 | 4,670,260 | 4,863,888 | 9,534,148 |
| **Statutory Appropriations** | | | | | |
| General | 6,659 | 0 | 0 | 0 | 0 |
| Miscellaneous Special Revenue | 66,698 | 39,531 | 35,107 | 34,772 | 69,879 |
| Federal | 3,729,870 | 3,758,745 | 4,261,681 | 4,501,192 | 8,762,873 |
| Federal Stimulus | 849,590 | 802,000 | 0 | 0 | 0 |
| **Total** | **7,390,951** | **7,908,710** | **8,967,048** | **9,399,852** | **18,366,900** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 17 | 0 | 0 | 0 | 0 |
| Payments To Individuals | 7,376,582 | 7,895,710 | 8,954,048 | 9,386,852 | 18,340,900 |
| Local Assistance | 14,352 | 13,000 | 13,000 | 13,000 | 26,000 |
| **Total** | **7,390,951** | **7,908,710** | **8,967,048** | **9,399,852** | **18,366,900** |

**Activity at a Glance**

- Pays for in-home, community-based services for low-income elderly Minnesotans.
- Helps adults 65 years and older stay in their own homes longer by providing an alternative to nursing home care.
- In FY 2009, an average of 3,321 persons per month received services.
- In FY2009, Alternative Care cost an average of $764 per person per month. This compares to $4,890 for all payer types per person in a nursing facility.

## Activity Description

Alternative Care (AC) is a state-funded program. It pays for at-home care and community-based services for older adults who are at risk of becoming eligible for Medical Assistance (MA) nursing facility care within four-and-one-half months. It provides eligible older adults with in-home and community-based services and supports similar to federally-funded home and community-based programs.

## Population Served

To be eligible for AC, a person must be age 65 or older, assessed as needing nursing facility level of care, and have income and assets inadequate to fund nursing facility care for more than 135 days. The person must also be capable of paying a monthly program participation fee and have needs that can be met within available resources.

In FY 2009, the AC program provided services for an average of 3,321 elderly persons per month at a cost of $764 per person. Comparatively, the average monthly cost of nursing facility care during the same time period was $4,890 per month for all payer types.

## Services Provided

Alternative Care provides funding for:

- respite care, both in-home and at approved facilities, to provide a break for caregivers;
- case management to ensure that program access and services planned, authorized, and provided are appropriate;
- adult day care;
- personal care services to assist with activities of daily living;
- homemaker services;
- companion service;
- caregiver training and education to provide caregivers with the knowledge and support necessary to care for an elderly person;
- chore services to provide assistance with heavy household tasks such as snow shoveling;
- home health nursing and aide services;
- transportation to AC-related services and community activities;
- nutrition services;
- AC service-related supplies and equipment;
- tele-homecare services; and
- other authorized consumer-directed services and discretionary services that are part of the person's plan of care.

## Historical Perspective

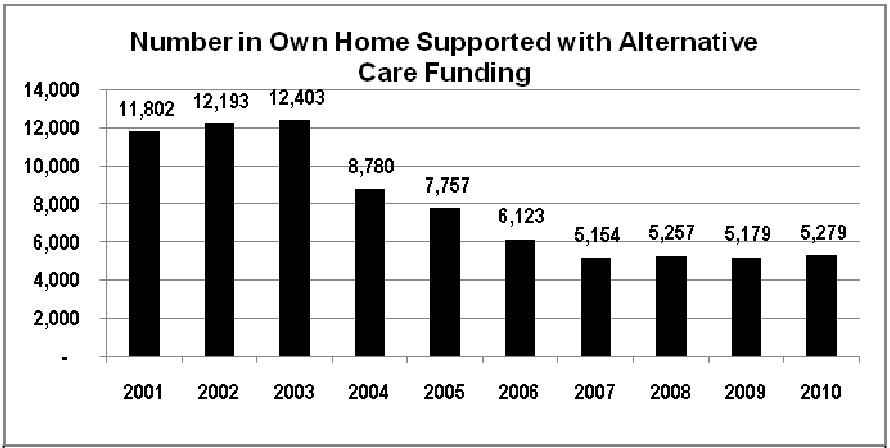
The AC program was implemented in 1981. Its purpose is to provide low-income (but not yet MA eligible) older adults at risk of nursing facility placement with in-home and community-based services to help them remain at home. Funding is allocated to local lead agencies (counties and tribes) to provide services under individual service plans. The local agencies are responsible for managing their allocations to serve eligible persons by contracting out to providers.

There were three major legislative changes made to the program effective August 2005 and January 2006 resulting in a nearly 30% caseload reduction during FY 2006. The changes eliminated assisted living, adult foster care, and residential services from the AC service menu, invoked real estate liens, and reduced financial program eligibility criteria. Since 2003 the number of AC participants has steadily declined. Only recently has the participation in AC gradually begun to increase.

## Key Activity Goals & Measures

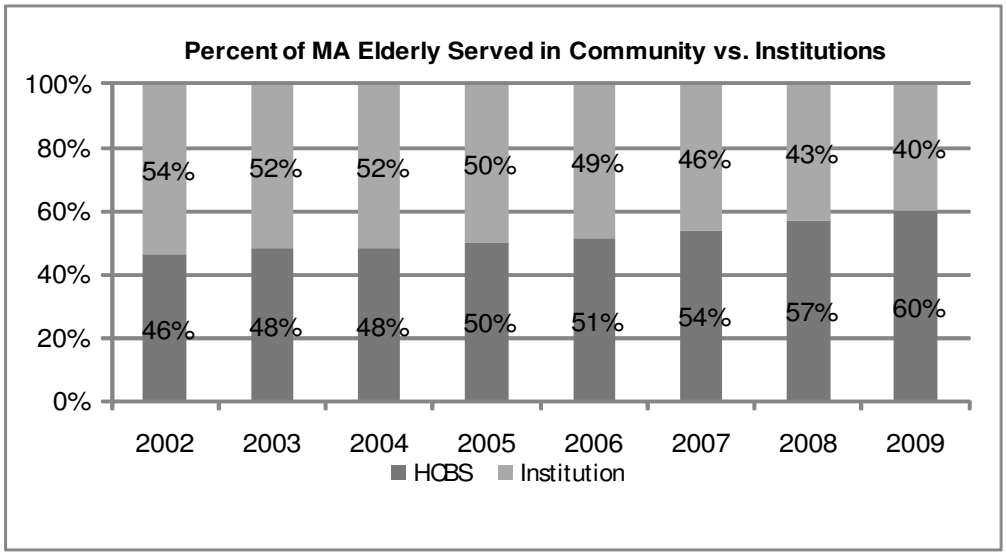
- Older Minnesotans will receive the long-term care services they need in their homes and communities, will be able to choose how they receive services, and will have more options for using their personal resources to pay for long-term care.
- People in need will receive support that helps them live as independently as they can. This goal is from Minnesota Milestones (http://server.admin.state.mn.us/mm/goal.html).
  Funds for Alternative Care grants increase the availability of non-institutional service options for very low income, older persons and their families. The recent legislative changes have ensured that these persons are supported to remain in their own homes.

- Number of low-income people (who are not eligible for Medical Assistance) supported through a state-only funding source so that they can remain in their own homes. From 2001 to 2010, the number of AC recipients declined 55%; 30% was due to instituting liens and estate recovery in 2003 and the rest was due to elimination of assisted living, adult foster care, and residential services in 2006. During this time, the number of .Elderly Waiver participants more than doubled. The number of recipients has begun to slowly increase in the past fiscal year.




Source: DHS February 2010 Forecast

*Proportion of elders served in institutional vs. community settings.*




"HCBS" refers to Alternative Care and other home- and community-based services. The percent in HCBS increased from 2002 to 2009, while the percent in institutions decreased.

For more information on DHS performance measures, see:
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Alternative Care Grants is funded with appropriations from the General Fund and with enrollee premiums.

## Contact

For more information on Alternative Care grants, contact the Aging and Adult Services Division at (651) 431-2600. Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: FORECASTED PROGRAMS
Activity: ALTERNATIVE CARE GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 50,234 | 48,576 | 48,576 | 48,576 | 97,152 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (3,598) | (3,470) | (7,068) |
| Subtotal - Forecast Base | 50,234 | 48,576 | 44,978 | 45,106 | 90,084 |
| **Governor's Recommendations** | | | | | |
| Managing Elderly Waiver & AC Programs | | 0 | (348) | (417) | (765) |
| Reduce Provider Rates & Grants | | 0 | (1,295) | (1,486) | (2,781) |
| Federal Compliance: Eligibilty Changes | | 0 | 2,223 | 2,349 | 4,572 |
| **Total** | **50,234** | **48,576** | **45,558** | **45,552** | **91,110** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 27,848 | 26,889 | 27,515 | 29,006 | 56,521 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 2,296 | 2,215 | 2,012 | 2,032 | 4,044 |
| **Total** | **30,144** | **29,104** | **29,527** | **31,038** | **60,565** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 30,144 | 29,104 | 29,527 | 31,038 | 60,565 |
| **Total** | **30,144** | **29,104** | **29,527** | **31,038** | **60,565** |

**Activity at a Glance**

- Provided placement in addiction treatment services for 27,100 placements in FY 2009.
- Average cost per admission is $3,800.
- 353 treatment programs participate in the CCDTF.
- Approximately 50% of all treatment admissions in the state are paid for by the CCDTF.
- The number of treatment admissions decreased by an average of 1.4% per year during CY 2007-2009 due in part to episode definition.

## Activity Description

Chemical Dependency Entitlement Grants provides treatment to eligible people who have been assessed as in need of treatment for chemical abuse or dependency. This activity is administered through the Consolidated Chemical Dependency Treatment Fund (CCDTF).

## Population Served

Chemical dependency (CD) treatment services are provided to anyone who is found by an assessment establishing clinical eligibility to be in need of care and is financially eligible, unless the needed services are to be provided by a managed care organization in which the person is enrolled.

CCDTF entitled eligible individuals are people who are enrolled in Medical Assistance (MA) or General Assistance Medical Care (GAMC), receive Minnesota Supplemental Assistance (MSA), or meet the MA, GAMC, or MSA income limits (100% of federal poverty guidelines).

## Services Provided

For those people who meet financial and clinical eligibility, the CCDTF provides residential and outpatient addiction treatment services.

Approximately 50% of all state treatment admissions for Minnesota residents are paid for through the CCDTF. The local county social service agency or American Indian tribal entity assesses a person's need for chemical dependency treatment. A treatment authorization is made based on uniform statewide assessment and placement criteria outlined in the Department of Human Services (DHS) Rule 25 (M.R. parts 9580.6300 to 9530.7030). Almost all treatment providers in the state accept CCDTF clients.

Under the Prepaid Medical Assistance Program (PMAP), primary inpatient and outpatient chemical dependency treatment are covered services. For PMAP recipients, CCDTF payments are limited to halfway house placements and extended care treatments, which are not otherwise included in managed care contracts.

Eligible patients enrolled in prepaid health plans receive the same services as CCDTF patients.

Under a new assessment standard implemented in January 2008, individuals are assessed according to a uniform, standardized assessment tool that applies criteria derived by the American Society of Addiction Medicine. This change resulted in longer continuous treatment episodes with less discharge and readmission to other levels of care, which in turn has resulted in a decrease in overall placements.

## Historical Perspective

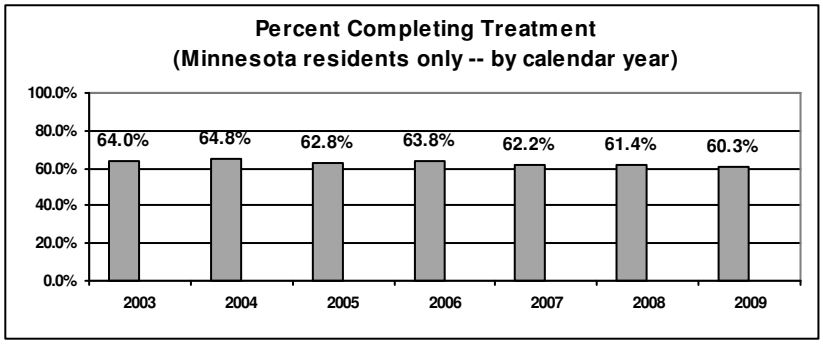
The CCDTF was implemented in 1988 to consolidate a variety of funding sources for chemical dependency treatment services for low-income, chemically-dependent Minnesota residents. The CCDTF combines previously separated funding sources – MA, GAMC, General Assistance, state appropriations, and federal block grants - into a single fund with a common set of eligibility criteria. Counties pay 16.14% of CD treatment costs.

The CCDTF has three tiers of eligibility. Tier I is funded through this CD Entitlement Grants budget activity. Tier II includes people who are not eligible for Medical Assistance (MA) or General Assistance Medical Care (GAMC), do not receive Minnesota Supplemental Assistance (MSA), but whose income does not exceed 215% of federal poverty guidelines.

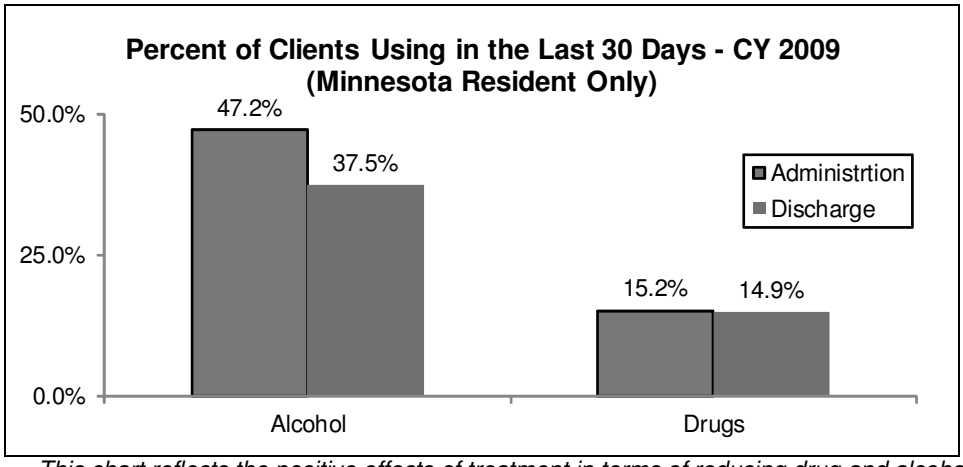
CD Non-entitlement Grants historically funded Tier II and Tier III of the Consolidated Chemical Dependency Treatment Fund (CCDTF), which provided treatment services for low-income individuals not eligible for entitlement-based treatment. Tier II was last funded in 2003. Tier III was last funded in 1990.

## Key Program Goals & Measures

- ***Develop effective and accountable chemical health systems.*** The Department of Human Services (DHS) is implementing steps to support research-informed practices in chemical dependency treatment and prevention, systematically monitor outcomes, and integrate chemical, mental, and physical health services. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
  - ***Percentage of clients completing chemical dependency treatment.*** Treatment completion has been found to be a strong indicator of continued sobriety after treatment. The DHS Drug and Alcohol Abuse Normative Evaluation System (DAANES) collects a number of data elements from all chemical dependency programs regardless of the admission's funding source. Below are completion results of all statewide treatment admissions for CY 2003-09.




  - **Percentage of CD clients using alcohol or illicit drugs in the previous 30 days – at admission and discharge (2007).**




*This chart reflects the positive effects of treatment in terms of reducing drug and alcohol use.*

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Chemical Dependency Entitlement Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on CD Entitlement Grants, contact the Chemical Health Division, (651) 431-2460

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 87,570 | 93,836 | 93,836 | 93,836 | 187,672 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 9,563 | 16,754 | 26,317 |
| November Forecast Adjustment | | 8,824 | 138 | 5,608 | 5,746 |
| Subtotal - Forecast Base | 87,570 | 102,660 | 103,537 | 116,198 | 219,735 |
| **Governor's Recommendations** | | | | | |
| Tighten CD Tx Placement Criteria | | 0 | (3,653) | (5,414) | (9,067) |
| County Share of CD Treatment Costs | | 0 | (4,494) | (4,991) | (9,485) |
| **Total** | **87,570** | **102,660** | **95,390** | **105,793** | **201,183** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 0 | 0 | 95,390 | 105,793 | 201,183 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 129,607 | 144,321 | 42,597 | 45,582 | 88,179 |
| **Total** | **129,607** | **144,321** | **137,987** | **151,375** | **289,362** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 127,101 | 141,470 | 134,879 | 147,981 | 282,860 |
| Local Assistance | 2,506 | 2,851 | 3,108 | 3,394 | 6,502 |
| **Total** | **129,607** | **144,321** | **137,987** | **151,375** | **289,362** |

## Program Description

The purpose of Grant Programs is to include all programs provide services but are not entitlement programs.

Grants Programs includes activities related to child care, child support, refugee services, health care, and chemical and mental health. These grants support services to children, youth, adults, people living with disabilities, mental health problems, and addictions.

## Budget Activities

This program includes the following budget activities:

- Support Services Grants
- BSF Child Care Assistance Grants
- Child Care Development Grants
- Child Support Enforcement Grants
- Children's Services Grants
- Children & Community Services Grants
- Children & Economic Support Assistance Grants
- Refugee Services Grants
- Health Care Grants
- Aging & Adult Services Grants
- Deaf & Hard of Hearing Grants
- Disabilities Grants
- Adult Mental Health Grants
- Children's Mental Health Grants
- CH Non-entitlement Grants

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 287,524 | 283,573 | 283,273 | 283,273 | 566,546 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | (150) | (150) | (300) |
| Current Law Base Change | | | 42,755 | 44,110 | 86,865 |
| Transfers Between Agencies | | | 119 | 119 | 238 |
| Subtotal - Forecast Base | 287,524 | 283,573 | 325,997 | 327,352 | 653,349 |
| **Governor's Recommendations** | | | | | |
| Adoption / Relative Custody Assistance | | 0 | 5,770 | 7,029 | 12,799 |
| Fund Growth for Mn Food Assistance Prog | | 0 | 333 | 408 | 741 |
| CCSA for Vulnerable Children & Adults | | 0 | (10,000) | (12,000) | (22,000) |
| Reduce MFIP Consolidated Fund | | 0 | (14,000) | (14,000) | (28,000) |
| End Child Support Incentive Grant | | 0 | (3,355) | (3,355) | (6,710) |
| End State Community Action Grants | | 0 | (3,900) | (3,900) | (7,800) |
| End State FAIM Grants | | 0 | (492) | 0 | (492) |
| Child Care Assistance Program Changes | | 0 | (413) | (2,686) | (3,099) |
| BSF Child Care Assistance Underspending | | 0 | (5,000) | 0 | (5,000) |
| Match Supportive Services Expenditures | | 0 | (500) | (500) | (1,000) |
| Aging Grant Reduction | | 0 | (3,600) | (3,600) | (7,200) |
| Low Needs NF Case Mix | | 0 | 100 | 100 | 200 |
| Reduce Certain Congregate Living Rates | | 0 | 250 | 250 | 500 |
| Reduce Provider Rates & Grants | | 0 | (2,286) | (2,552) | (4,838) |
| Federal Compliance: Eligibilty Changes | | 0 | (6,410) | (7,279) | (13,689) |
| **Total** | **287,524** | **283,573** | **282,494** | **285,267** | **567,761** |
| **Health Care Access** | | | | | |
| Current Appropriation | 24,283 | 830 | 830 | 830 | 1,660 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 110 | 110 | 220 |
| Subtotal - Forecast Base | 24,283 | 830 | 940 | 940 | 1,880 |
| **Total** | **24,283** | **830** | **940** | **940** | **1,880** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 116,897 | 107,597 | 107,597 | 107,597 | 215,194 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (2,846) | (2,846) | (5,692) |
| Subtotal - Forecast Base | 116,897 | 107,597 | 104,751 | 104,751 | 209,502 |
| **Total** | **116,897** | **107,597** | **104,751** | **104,751** | **209,502** |
| **Lottery Cash Flow** | | | | | |
| Current Appropriation | 1,428 | 1,429 | 1,429 | 1,429 | 2,858 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 79 | 79 | 158 |
| Subtotal - Forecast Base | 1,428 | 1,429 | 1,508 | 1,508 | 3,016 |
| **Total** | **1,428** | **1,429** | **1,508** | **1,508** | **3,016** |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 296,606 | 301,132 | 282,494 | 285,267 | 567,761 |
| Health Care Access | 6,940 | 17,746 | 940 | 940 | 1,880 |
| Federal Tanf | 116,832 | 107,597 | 104,751 | 104,751 | 209,502 |
| Lottery Cash Flow | 1,427 | 1,430 | 1,508 | 1,508 | 3,016 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 109,782 | 54,457 | 45,451 | 44,628 | 90,079 |
| Federal | 554,736 | 561,067 | 569,195 | 560,449 | 1,129,644 |
| Federal Stimulus | 102,976 | 43,446 | 9,735 | 2,600 | 12,335 |
| Gift | 18 | 25 | 25 | 4 | 29 |
| **Total** | **1,189,317** | **1,086,900** | **1,014,099** | **1,000,147** | **2,014,246** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 30 | 0 | 0 | 0 | 0 |
| Other Operating Expenses | 8,899 | 7,295 | 2,834 | 2,027 | 4,861 |
| Payments To Individuals | 694,382 | 538,948 | 493,792 | 496,370 | 990,162 |
| Local Assistance | 485,649 | 539,907 | 516,723 | 501,000 | 1,017,723 |
| Other Financial Transactions | 357 | 750 | 750 | 750 | 1,500 |
| **Total** | **1,189,317** | **1,086,900** | **1,014,099** | **1,000,147** | **2,014,246** |
| ***Expenditures by Activity*** | | | | | |
| Support Services Grants | 134,301 | 140,570 | 105,274 | 99,360 | 204,634 |
| Bsf Child Care Assist Grants | 88,638 | 62,560 | 92,661 | 90,388 | 183,049 |
| Child Care Development Grants | 13,071 | 12,982 | 10,503 | 10,503 | 21,006 |
| Child Support Enforcement Gr | 2,025 | 4,245 | 1,664 | 1,664 | 3,328 |
| Children'S Services Grants | 93,117 | 98,450 | 91,002 | 90,434 | 181,436 |
| Children & Community Services | 83,417 | 81,705 | 86,576 | 84,576 | 171,152 |
| Children & Economic Support Gr | 470,064 | 409,300 | 388,667 | 388,743 | 777,410 |
| Refugee Services Grants | 11,753 | 15,518 | 9,137 | 7,337 | 16,474 |
| Health Care Grants | 104,094 | 56,633 | 37,843 | 38,431 | 76,274 |
| Aging & Adult Services Grants | 31,715 | 33,303 | 33,585 | 31,811 | 65,396 |
| Deaf & Hard Of Hearing Grants | 2,018 | 1,873 | 2,176 | 2,007 | 4,183 |
| Disabilities Grants | 41,692 | 47,448 | 35,304 | 35,187 | 70,491 |
| Adult Mental Health Grants | 78,456 | 83,038 | 85,853 | 85,853 | 171,706 |
| Children'S Mental Health Gr | 17,761 | 17,504 | 16,682 | 16,682 | 33,364 |
| Cd Non-Entitlement Grants | 17,195 | 21,771 | 17,172 | 17,171 | 34,343 |
| **Total** | **1,189,317** | **1,086,900** | **1,014,099** | **1,000,147** | **2,014,246** |

**Activity at a Glance**

- Provides MFIP employment services to 6,400 people per month.
- Provides Food Support employment services to over 300 people per month.

## Activity Description

Support Services Grants provides employment, education, training, and other support services to help low-income families and people avoid or end public assistance dependency. These grants also fund a portion of county administration for the Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP), and Work Benefit Program.

## Population Served

This activity serves two core groups

- participants in MFIP, DWP, and the Work Benefit program and
- recipients of Supplemental Nutrition Assistance Program benefits (formerly "food stamps"), known in Minnesota as Food Support, through the Food Support Employment and Training (FSET) program.

## Services Provided

Support Services Grants includes MFIP Consolidated Funds, which are allocated to counties and tribes, and FSET funding. This activity includes work programs provided by the Workforce Centers overseen by the Minnesota Department of Employment and Economic Development (DEED), as well as counties, tribes, and non-profit organizations. These employment service providers work with county agencies to evaluate the needs of each participant and develop individualized employment plans.

County and local employment service programs provide or, if appropriate, refer participants to services including

- job search, job counseling, job interview skills, skill development, and supported work activities;
- adult basic education, high school completion classes, and general equivalency diploma (GED)/high school equivalency coaching;
- short-term training and post-secondary education of no more than 24 months;
- English proficiency training and functional work literacy;
- county programs that help low-income families with housing, utilities, and other emergency needs; and
- assistance accessing other services, such as child care, medical benefits programs, and chemical dependency and mental health services.

## Historical Perspective

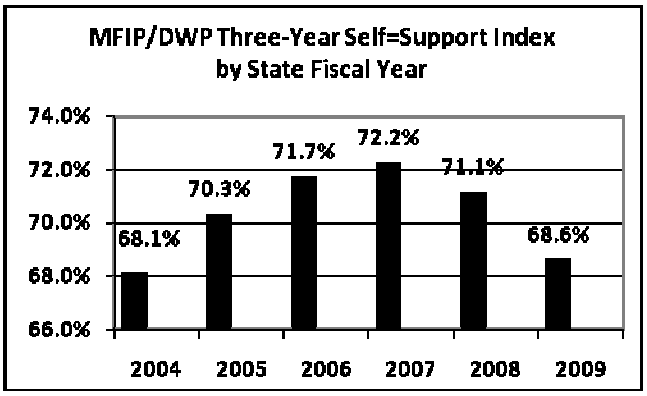
The 2003 legislature created the MFIP Consolidated Fund, combining funding for a number of support services programs for MFIP participants. The MFIP Consolidated Fund allows counties and tribes to continue successful approaches to moving MFIP families to work. A number of separate programs, including Emergency Assistance for families, were repealed. Service agreements for each county set outcomes, which include county performance measures. The 2007 and 2008 Legislatures appropriated additional funding for Integrated Services Projects (ISP) and supported work grants to counties and tribes to provide a continuum of employment assistance to MFIP participants. Funding for the ISPs was discontinued as of 12-31-09, but additional supported work funds were appropriated.

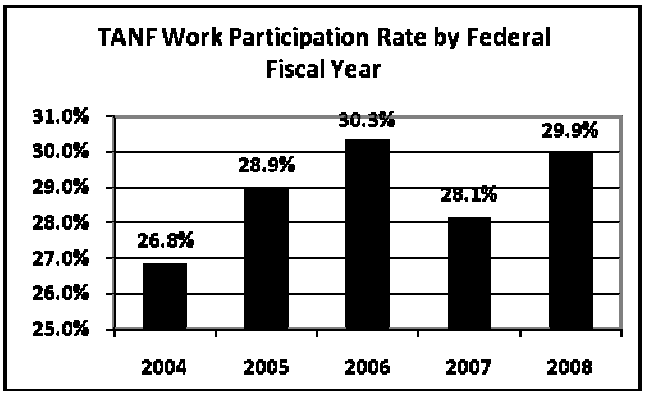
## Key Activity Goals & Measures

- ***Ensure all Minnesotans will have the economic means to maintain a reasonable standard of living.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Improve outcomes for the most at-risk children.*** Support Services grants assist MFIP and DWP participants to meet their families' immediate needs and achieve long-term economic stability through work. This goal is from the Minnesota Department of Human Services' *Priority Plans.* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
- ***Reduce disparities in service access and outcomes for racial and ethnic populations.*** Funds support projects that serve families with multiple barriers, including many African American and American Indian participants. This goal also is from DHS' *Priority Plans. (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-5267-ENG).*

Key measures are

- **Percentage of adults working 30 or more hours or off MFIP three years after a baseline reporting period (MFIP Self-Support Index).** The MFIP Self-Support Index is a performance measure that tracks whether or not adults in MFIP are either: 1) working an average of 30 or more hours per week or 2) no longer receiving MFIP cash payments three years after a baseline measurement quarter. Participants who leave MFIP due to the 60-month time limit are not counted as meeting the criteria for success on this measure unless they are working 30 or more hours per week or qualified for Social Security disability payments before they reached the time limit.
- **Percentage of MFIP adults participating in work activities for specified hours per week. (TANF Work Participation Rate).** The TANF Work Participation Rate (WPR) is the percentage of MFIP cases in which the parent is fully engaged in employment or employment-related activities (according to federal TANF program rules, usually 130 hours per month). The TANF WPR is determined by the federal government based on monthly program data for the federal fiscal year. (Data for FFY 2009 have not yet been released.)




For more information on DHS performance measures, see
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm

## Activity Funding

Support Services Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on Support Services Grants, contact the Transition to Economic Stability Division (651) 431-4000.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: SUPPORT SERVICES GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 8,715 | 12,498 | 12,498 | 12,498 | 24,996 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (3,783) | (3,783) | (7,566) |
| Subtotal - Forecast Base | 8,715 | 12,498 | 8,715 | 8,715 | 17,430 |
| **Governor's Recommendations** | | | | | |
| Reduce MFIP Consolidated Fund | | 0 | (14,000) | (14,000) | (28,000) |
| **Total** | **8,715** | **12,498** | **(5,285)** | **(5,285)** | **(10,570)** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 116,557 | 107,457 | 107,457 | 107,457 | 214,914 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (2,846) | (2,846) | (5,692) |
| Subtotal - Forecast Base | 116,557 | 107,457 | 104,611 | 104,611 | 209,222 |
| **Total** | **116,557** | **107,457** | **104,611** | **104,611** | **209,222** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 8,685 | 12,498 | -5,285 | -5,285 | -10,570 |
| Federal Tanf | 116,692 | 107,457 | 104,611 | 104,611 | 209,222 |
| **Statutory Appropriations** | | | | | |
| Federal | 7 | 34 | 34 | 34 | 68 |
| Federal Stimulus | 8,917 | 20,581 | 5,914 | 0 | 5,914 |
| **Total** | **134,301** | **140,570** | **105,274** | **99,360** | **204,634** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 2,417 | 3,800 | 0 | 0 | 0 |
| Payments To Individuals | 33,249 | 47,054 | 16,790 | 16,790 | 33,580 |
| Local Assistance | 98,635 | 89,716 | 88,484 | 82,570 | 171,054 |
| **Total** | **134,301** | **140,570** | **105,274** | **99,360** | **204,634** |

**Activity at a Glance**

- Purchases child care for 15,900 children in 9,100 families each month.

## Activity Description

Basic Sliding Fee (BSF) Child Care Assistance Grants provides financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment and so that children are well-cared for and ready to learn. This program is supervised by the Minnesota Department of Human Services and administered by county social services agencies.

## Population Served

Eligible low-income families who are not connected to the Minnesota Family Investment Program (MFIP) or the Diversionary Work Program (DWP) are served through the BSF child care program.

## Services Provided

BSF Child Care Assistance grants help families pay child care costs on a sliding fee basis. As family income increases, so does the amount of child care expenses paid by the family. When family income reaches 67% of the state median income, family co-payments generally meet or exceed the cost of care.

BSF child care helps pay the child care costs of eligible low-income families not participating in MFIP or DWP, or in their first year after leaving MFIP or DWP. Families who have household incomes at or under 47% of the state median income when they enter the program, less than 67% of the state median income when they leave the program, and participate in authorized activities, such as employment, job search, and job training, are eligible for BSF child care.

Care must be provided by a legal child care provider over the age of 18. Providers include legal, nonlicensed family child care, license-exempt centers, licensed family child care, and licensed child care centers. Family child care and child care centers operate under separate laws and rules and exist as separate markets.

As required by state law, DHS establishes maximum payment rates for Child Care Assistance Grants by county, type of provider, age of child, and unit of time covered.

## Historical Perspective

The BSF program was developed in the 1970s as a pilot program serving 24 counties, in recognition that child care was essential to the employment of low-income families. The demand for child care assistance has steadily increased over time as the number of eligible families has increased. The 2003 legislature made reforms to the Child Care Assistance Program (CCAP) to focus on the lowest income working families and control future growth. (CCAP is comprised of MFIP child care for families on MFIP or DWP and BSF child care for other low-income families.)

In 2007, the legislature appropriated $1 million for Child Care Assistance Programs for the FY2008-09 biennium to provide funding for incentives for parents and providers to promote skills and abilities that children need to succeed in school. The pilot project, School Readiness Connections, was extended in 2009-10 with an appropriation of $ 1.3 million. Child care providers selected by the department are eligible for a higher maximum payment and children are allowed to remain in care with the provider on a full-time basis as long as the family remains eligible for CCAP. The department is using the project evaluation to consider options for recommending changes to CCAP policy that could link ongoing incentives to child care programs that support school readiness.

## Key Activity Goals & Measures

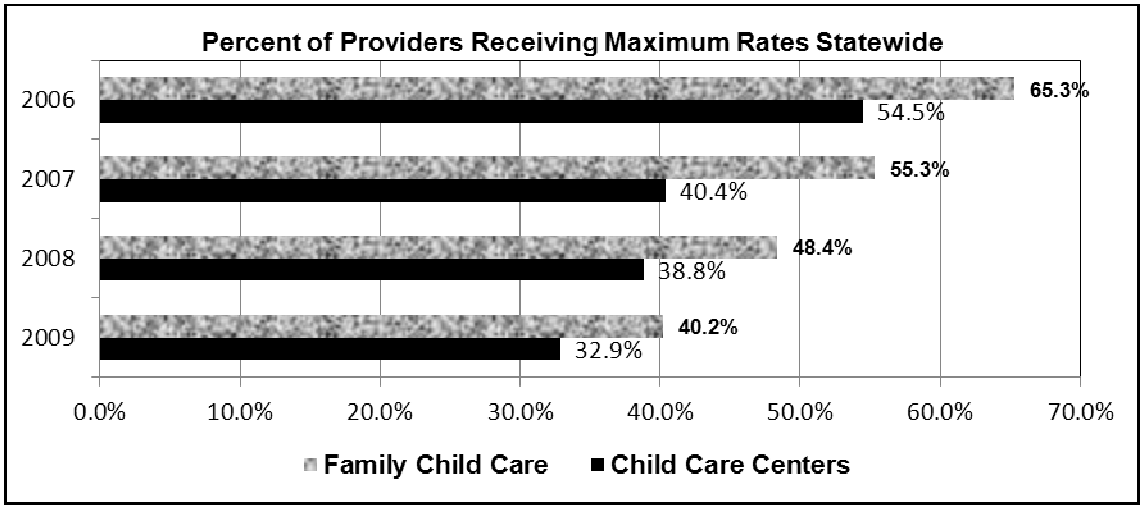
- ***Ensure all children will start school ready to learn.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Improve outcomes for the most at-risk children.*** The BSF Child Care Assistance Program improves outcomes for at-risk children by providing financial assistance to help low-income families pay for child care. Parents may pursue employment or education leading to employment while children attend child care where

they are well cared for and become better prepared to enter school ready to learn. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

Key measures are

- ***Percentage of child care providers covered by maximum rates.*** As required by federal regulations, an annual child care market rate survey assesses whether or not families receiving child care assistance have access to all types of care available to the private market. Access is an important measure for two reasons. The first is that it presents the portion of rates in the child care market that can be fully paid with a CCAP subsidy. Second, access to child care providers may impact whether or not at-risk children are able to attend high-quality child care programs, which national research shows are associated with better child outcomes in low-income communities with children experiencing risk-factors. Therefore the level at which maximum rates are set may differentially affect access to high-quality child care programs.

  The following chart compares the percentage of child care center providers who receive maximum rates of payment with the percentage of family child care providers who receive maximum rates.




- **Percentage of children receiving child care assistance through the School Readiness Connections Pilot project who are ready for school.** The School Readiness Connections Pilot project targets resources to low-income families by reimbursing selected, qualified providers at higher rates for providing comprehensive services to improve the school readiness of at-risk children ages 0-5. The results of the evaluation indicate that the project goals were met and that the majority of children assessed prior to kindergarten entry were proficient in the skills and abilities necessary for school readiness. For the complete evaluation, see http://www.dhs.state.mn.us/dhs16_147885.pdf

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

BSF Child Care Assistance Grants is funded by appropriations from the General Fund and from the federal Child Care and Development Fund (CCDF), which includes monies that the legislature transfers from the Temporary Assistance for Needy Families (TANF) block grant as well as county contributions.

## Contact

For more information on BSF Child Care Assistance Programs, contact Transition to Economic Stability, (651) 431-4000.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: BSF CHILD CARE ASSIST GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 40,100 | 37,592 | 37,592 | 37,592 | 75,184 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 7,243 | 7,243 | 14,486 |
| Subtotal - Forecast Base | 40,100 | 37,592 | 44,835 | 44,835 | 89,670 |
| **Governor's Recommendations** | | | | | |
| Child Care Assistance Program Changes | | 0 | (413) | (2,686) | (3,099) |
| BSF Child Care Assistance Underspending | | 0 | (5,000) | 0 | (5,000) |
| **Total** | **40,100** | **37,592** | **39,422** | **42,149** | **81,571** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 40,100 | 37,592 | 39,422 | 42,149 | 81,571 |
| **Statutory Appropriations** | | | | | |
| Federal | 40,538 | 24,968 | 53,239 | 48,239 | 101,478 |
| Federal Stimulus | 8,000 | 0 | 0 | 0 | 0 |
| **Total** | **88,638** | **62,560** | **92,661** | **90,388** | **183,049** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 80,959 | 5,500 | 5,500 | 5,500 | 11,000 |
| Local Assistance | 7,679 | 57,060 | 87,161 | 84,888 | 172,049 |
| **Total** | **88,638** | **62,560** | **92,661** | **90,388** | **183,049** |

**Activity at a Glance**

- Provides 27,000 child care referrals annually
- Awards 2,300 grants per year to providers to improve the quality and availability of child care
- Supports high quality training opportunities through classes offered to 35,000 participants, 575 enrollees in the new Minnesota Professional Development Registry, and 228 scholarships for provider education and training each year
- Issued over 300 Parent Aware ratings to early learning programs serving over 11,000 children in 2010

## Activity Description

Child Care Development Grants promotes school readiness and improves the quality and availability of child care in Minnesota by providing consumer education to parents and the public and providing activities that increase parental choice.

## Population Served

- Three out of four Minnesota families use child care for their children under age 13. These children spend an average of 24 hours a week in care.
- Over 230,000 Minnesota children under age six spend time in licensed child care arrangements.
- There are about 14,000 child care businesses and an estimated 150,000 family, friend, and neighbor caregivers in Minnesota.

## Services Provided

The Minnesota Department of Human Services works with public and private agencies and individuals to promote school readiness through education and training and to provide a state infrastructure to support quality and availability of child care. These efforts include

- professional development for early childhood and school-age care providers;
  - A 2007 Minnesota law authorized development and implementation of a professional development system.
  - Statewide training, including the Minnesota Child Care Credential, is coordinated and delivered to child care providers by child care resource and referral (CCR&R) programs in partnership with other sponsoring organizations.
  - The Minnesota Center for Professional Development administers the Professional Development Registry, a career lattice, approval of training and trainers, and learning and career guidance.
  - All training aligns with the Minnesota Core Competencies: child growth and development; learning environment and curriculum; child assessment; interactions with children and youth, families, and communities; health, safety, and nutrition; caring for children with special needs; and provision of culturally responsive child care.
  - child care referrals for parents;
  - Referrals include personalized information and guidance for parents on selecting quality child care.
  - Referrals are delivered through local child care resource and referral programs at no cost to parents.
- grants and financial supports for child care providers;
  - Grants enable child care programs to improve facilities, start up or expand services, access training, and purchase equipment and materials.
  - Scholarships for credentials and higher education and bonus compensation help retain individuals working in child care and Head Start programs.
- consultation, mentoring, and coaching for child care providers; and
  - These resources provide support to individual child care providers to build their knowledge and skills to meet the needs of individual children, meet licensing standards, and improve program quality.
- the Building Quality Initiative for child care providers.
  - This is a legislatively-mandated initiative that helps child care providers prepare for a statewide quality rating and improvement system through consultation, training, grants, and professional development advising.

**Other key elements include**

- ongoing mechanisms for community-level input on programs and policies through advisory committees for major program components;
- research and evaluation to guide policy and program development to target resources effectively; and
- local control of grant priorities for grants administered by CCR&R sites.

## Historical Perspective

The 1988 Minnesota Legislature established the Child Care Development Program to respond to increased demand for quality child care, and the need for a statewide infrastructure for parents and communities to respond to these needs. Since that time, the Child Care Development Grants program has awarded statewide and local-level grants to

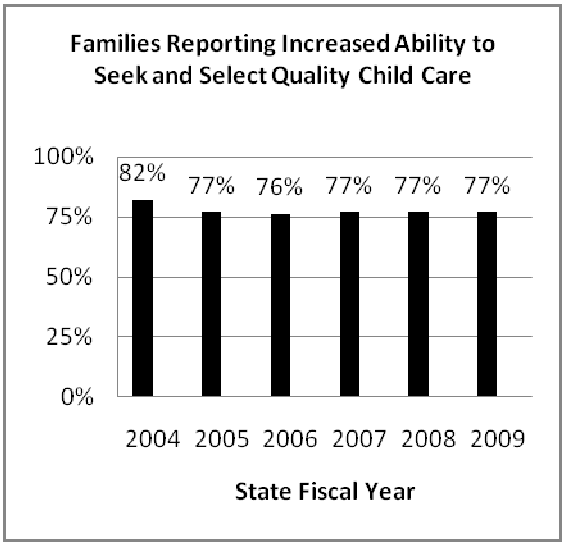
- support child care providers in improving quality;
- develop the child care infrastructure to provide referral services to parents and professional development, technical assistance, and facilities improvements to child care providers; and
- conduct research and evaluation to identify child care needs and improve program effectiveness.

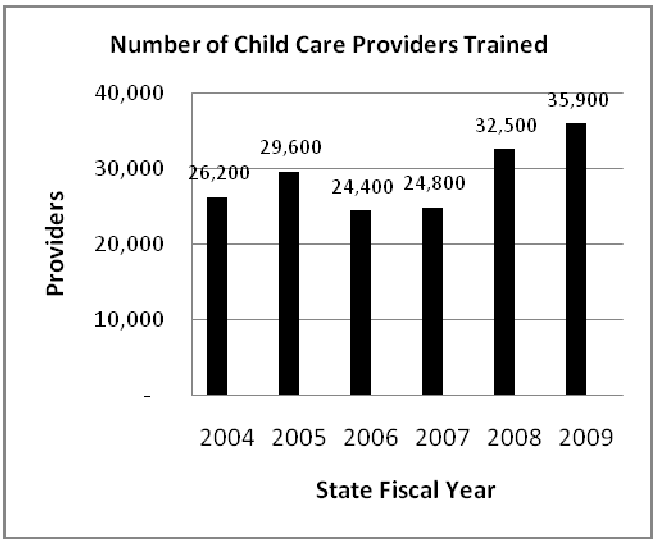
## Key Activity Goals & Measures

- ***Improve the educational outcomes of children so that all children are school-ready by 2020.*** This goal is from the Governor's Early Childhood Advisory Council (http://www.education.state.mn.us/MDE/Learning_Support/Early_Learning_Services/Adv_Groups/Early_Child_Adv_Council/index.html).
- ***Improve outcomes for the most at-risk children.*** Improvement will occur by working with partners to test and evaluate approaches to improve school readiness. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

Key measures are:

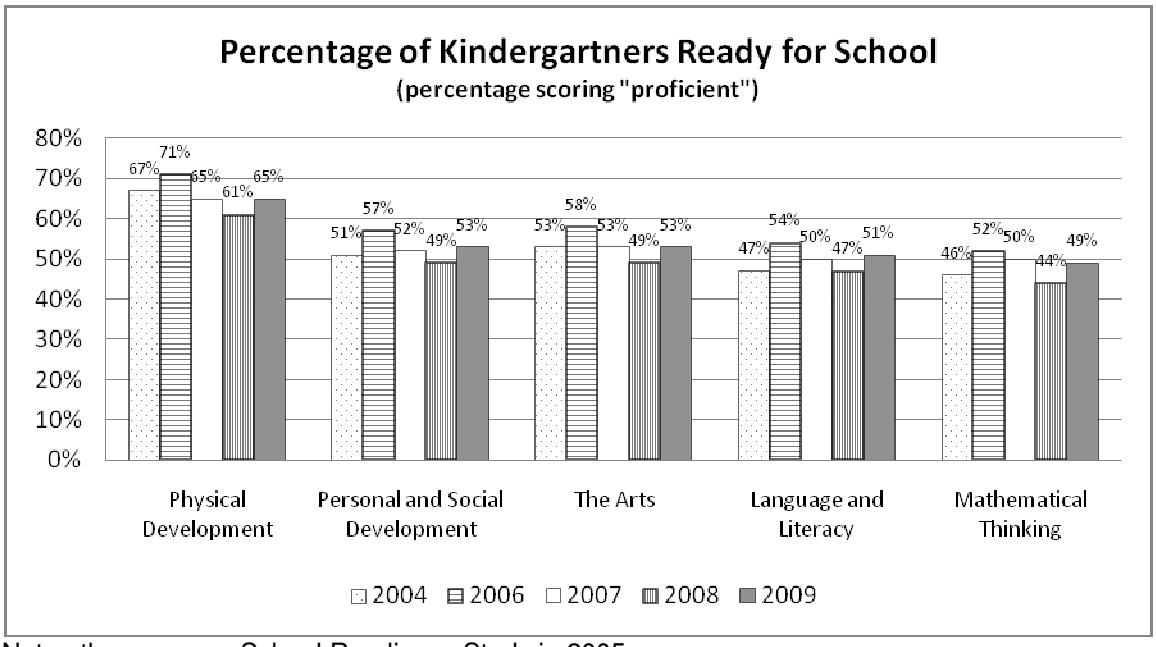
- ***Percentage of families using child care referral services who report increased ability to seek and select quality child care.*** The goal of child care referral services is to help families access quality child care by providing information on what constitutes a quality child care setting, how to search for quality child care, and which child care providers might meet families' needs. This measure is a self-report of families' ability to seek and select quality child care using the information gained from the child care referral experience. The results are based on a follow-up survey of parents who had used child care referral services.
- ***Number of participants attending child care resource and referral training.*** Participation in annual in-service training for more than 35,000 individuals working in Minnesota child care settings is required by licensing and, when focused on key core competencies, is also an important strategy for improving the quality of child care.




- ***Number of children who are ready for school (proficient category).*** An expected outcome of Child Care Development Grants is increased school readiness for young children in child care settings, especially children at risk of poor outcomes. Among children ages birth to five, 75% are cared for in a child care setting on a regular basis. While research has shown that high quality early childhood programs can improve children's readiness for school, it should be noted that many other factors, such as poverty and mother's education level, are highly correlated with this outcome.

Data are collected annually by the Minnesota Department of Education through its Minnesota School Readiness Study. A geographically representative random sample of Minnesota kindergartners (about 10% of entering kindergartners) are assessed as they enter school in the fall.




Note: there was no School Readiness Study in 2005

- For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Child Care Development Grants are funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on Child Care Development Grants, contact Child Development Services Division at (651) 431-3809.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: CHILD CARE DEVELOPMENT GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 1,487 | 1,487 | 1,487 | 1,487 | 2,974 |
| Subtotal - Forecast Base | 1,487 | 1,487 | 1,487 | 1,487 | 2,974 |
| **Total** | **1,487** | **1,487** | **1,487** | **1,487** | **2,974** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 1,437 | 1,487 | 1,487 | 1,487 | 2,974 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 733 | 262 | 0 | 0 | 0 |
| Federal | 7,494 | 11,233 | 9,016 | 9,016 | 18,032 |
| Federal Stimulus | 3,407 | 0 | 0 | 0 | 0 |
| **Total** | **13,071** | **12,982** | **10,503** | **10,503** | **21,006** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 64 | 0 | 0 | 0 | 0 |
| Local Assistance | 13,007 | 12,982 | 10,503 | 10,503 | 21,006 |
| **Total** | **13,071** | **12,982** | **10,503** | **10,503** | **21,006** |

**Activity at a Glance**

- County agencies earned incentives for 9,093 order modifications and 6,406 paternity establishments (FY 2010).
- Access and visitation funds served 245 children and 263 adults (FY 2009).
- 117 non-custodial parents achieved increased parenting time with their children (FY 2009).

## Activity Description

Child Support Enforcement Grants helps strengthen families by providing concrete supports in times of need. Child support is an important component in helping many families become self-sufficient and stay off welfare. Child support enforcement is administered at the local level by counties acting under the state's direction and supervision. These grants provide state administrative funding to counties primarily based on their performance and federal funding for access and visitation and program innovation.

## Population Served

Child Support Enforcement serves both families who receive public assistance and those who are non-public assistance clients. The federal grants serve parents and children, whether they participate in the state's child support program or not.

## Services Provided

Services provided by the state and counties to help families in Minnesota receive child support include

- establishing paternity;
- establishing and modifying orders for child support, medical support, and child care support;
- collecting and disbursing support; and
- enforcing support orders by using various tools to collect support, including suspension of driver's licenses and various state occupational licenses for non-payment, new hire reporting by employers, and work with financial institutions to move money directly from bank accounts.

Access and visitation federal grant funding *supports and facilitates non-custodial parents' access to and visitation of their children* and is competitively awarded by the state to qualifying community agencies.

Federal competitively awarded grant funding supports child support program innovation targeted to the agency's priorities, which may change from year to year.

## Historical Perspective

The state provides incentives to county agencies for each paternity ($100), basic support ($100), and medical support ($50) order established and for each order modified ($100). Counties must reinvest the incentives money in child support program activities and cannot supplant county funds used to administer the program. With the implementation of shared income child support guidelines, the legislature also appropriated funds to counties for the administration of this program change. These funds are distributed to counties based on caseload size. Legislation passed in the 2010 session reduced both of these appropriations.

The federal Office of Child Support Enforcement allocates Access and Visitation funding to states based on their proportionate share of children nationwide living with only one biological parent. The state's annual allocation is about $130,000. The grants require a 10% non-federal match, which is supplied by the agencies in Minnesota to which the grant is awarded.

Over the years, Minnesota has successfully competed for federal Section 1115 demonstration grants. A 5% non-federal match is required. Currently, the state has a grant for a demonstration of a co-parenting court in Hennepin County to support unmarried parents in developing a healthy co-parenting relationship. The three-year demonstration will run until federal fiscal year 2013.

## Key Activity Goals & Measures

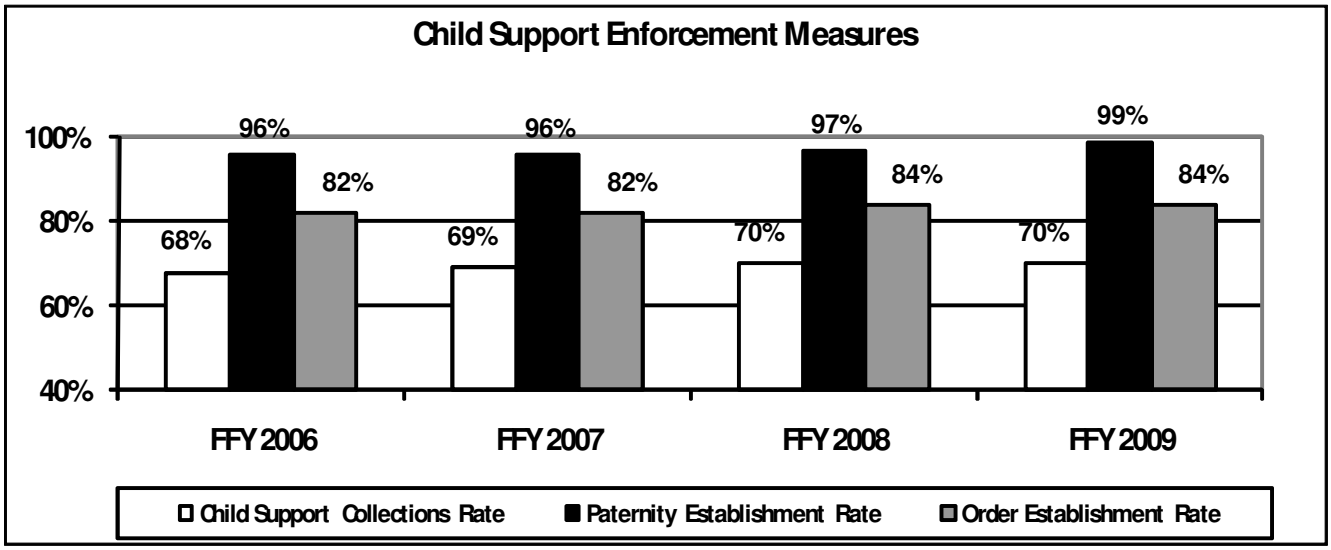
- Be effective, maximize overall performance and outcomes.
- Build and sustain collaborative relationships with those who help deliver our services.

These goals are from the *Child Support Strategic Plan 2008-2012.* More information on this plan can be found at: http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-5217B-ENG.

Key measures are

- ***Child support collection rate.*** This measure is the percentage of dollars ordered for child support that was paid by the non-custodial parent. This measure is one of five federal performance measures used to determine incentive payments to states, and subsequently to counties, by the federal government.
- ***Paternity establishment rate.*** This rate is the percentage of paternities established for children in the Title IV-D caseload who were not born in marriage. This measure is one of five federal performance measures used to determine incentive payments to states, and subsequently to counties, by the federal government.
- ***Order establishment rate***. The order establishment rate is the percentage of orders established for children in the Title IV-D caseload. This measure is one of five federal performance measures used to determine incentive payments to states, and subsequently to counties, by the federal government.

These measures are based on federal fiscal years (FFY).




For more information on Minnesota Department of Human Services (DHS) performance measures, see: http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Child Support Enforcement Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on Child Support Enforcement Grants, contact the Child Support Enforcement Division, (651) 431-4400.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: CHILD SUPPORT ENFORCEMENT GR

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 305 | 2,156 | 2,156 | 2,156 | 4,312 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 1,249 | 1,249 | 2,498 |
| Subtotal - Forecast Base | 305 | 2,156 | 3,405 | 3,405 | 6,810 |
| **Governor's Recommendations** | | | | | |
| End Child Support Incentive Grant | | 0 | (3,355) | (3,355) | (6,710) |
| **Total** | **305** | **2,156** | **50** | **50** | **100** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 300 | 2,106 | 50 | 50 | 100 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 1,562 | 1,947 | 1,490 | 1,490 | 2,980 |
| Federal | 163 | 192 | 124 | 124 | 248 |
| **Total** | **2,025** | **4,245** | **1,664** | **1,664** | **3,328** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | (380) | 0 | 0 | 0 | 0 |
| Payments To Individuals | 380 | 234 | 50 | 50 | 100 |
| Local Assistance | 2,025 | 4,011 | 1,614 | 1,614 | 3,228 |
| **Total** | **2,025** | **4,245** | **1,664** | **1,664** | **3,328** |

**Activity at a Glance**

In 2009,

- 22,000 children were assessed for abuse or neglect;
- 4,900 children were determined to be abused or neglected;
- 11,700 children were in out-of-home placements;
- More than 650 children under state guardianship were adopted; and
- More than 9,000 children were supported in adoptive and relative homes.

## Activity Description

Children's Services Grants fund a continuum of statewide child welfare services.

## Population Served

Children's Services Grants fund services for children who are at risk of abuse or neglect, have been abused or neglected, are in out-of-home placements, are in need of adoption, or are under state guardianship. Children's Services grants affect the lives of

- children who are abused or neglected and need child protection services;
- children who are in out-of-home placements because they cannot live safely with their parents or need care which cannot be provided within their homes;
- children who are waiting for immediate adoption; and
- families through the strategic initiatives supported by the Minnesota Children's Trust Fund.

## Services Provided

Children's Services Grants funds adoption, child protection, homeless youth services, and child abuse and neglect prevention services through counties, tribes, local service collaboratives, schools, nonprofits, and foundations.

Children's Services Grants funds the following:

- Family Assessment Response and other services to families referred to child protection;
- services to prevent child abuse and neglect;
- services to prevent homelessness for older youth leaving long-term foster care;
- recruitment of foster and adoptive families and specialized services to support the adoption of children under state guardianship;
- Adoption Assistance for children with special needs who were under state guardianship and have been adopted;
- Relative Custody Assistance for children with special needs whose custody is transferred to relatives; and
- Indian child welfare services

## Historical Perspective

The focus of child welfare has evolved over the years. Most recently, Children's Services grants have been used to:

- reform the child welfare system through innovative efforts such as Alternative Response (now known as Family Assessment Response), the American Indian Child Welfare Initiative, Minnesota Child Welfare Training System, and the Children's Justice Initiative (a collaboration between DHS and the Minnesota judicial branch) and
- find and support permanent families for children who cannot be safely reunited with their families through the Public/Private Adoption Initiative, Concurrent Permanency Planning, and MN Adopt.

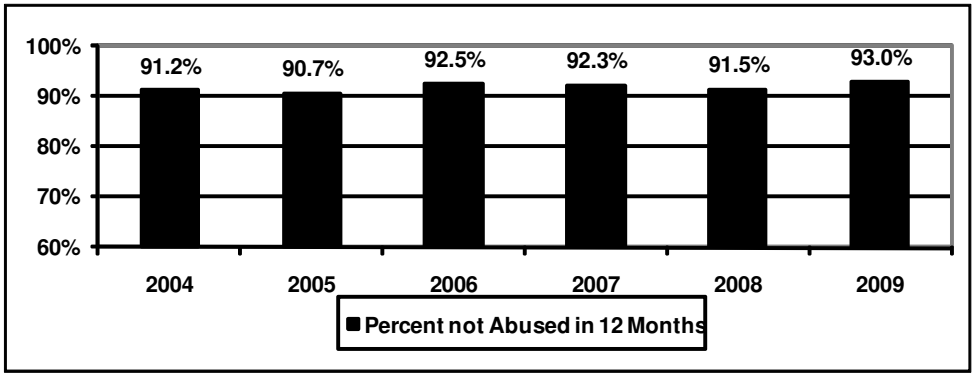
## Key Activity Goals & Measures

- ***Families will provide a stable, supportive environment for children.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Improve outcomes for the most at-risk children***. The department provides grants for early and targeted services for the children in Minnesota who are at the greatest risk for poor outcomes, including those who are in child protection, are homeless, or are teenage parents. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

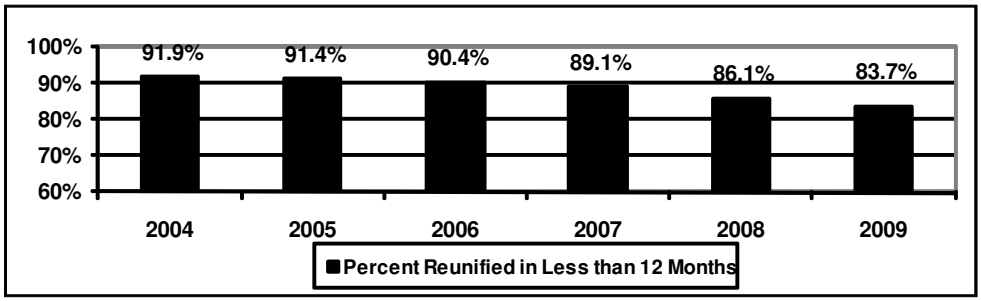
The underlying factor common to the three measures listed below is that more children will live in safe and permanent homes.

Key measures are:

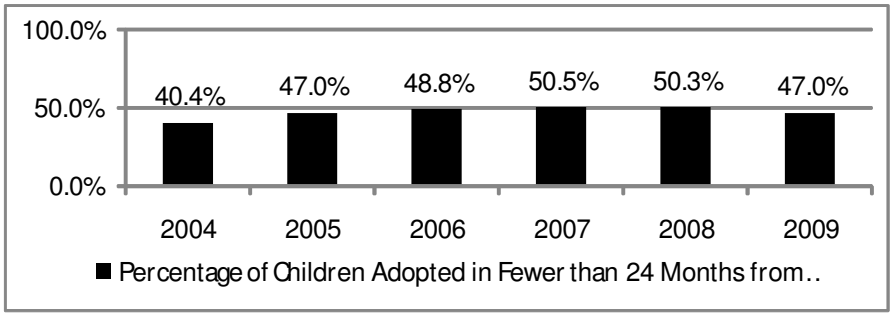
- ***Percentage of children who do not experience repeated abuse or neglect within 12 months of a prior report.*** For the period of 2004 through 2009 in Minnesota, the percentage of children who did not experience repeated abuse or neglect within 12 months of a prior report ranged from 91% (2004) to 93% (2009).




- ***Percentage of children reunified in less than 12 months from the time of the latest removal from their home.*** For the period of 2004 through 2009 in Minnesota, the percentage of children reunified in fewer than 12 months from the latest removal from their homes ranged from 84% to 92%. The national standard for this measure is 75.2%.




- ***Percentage of children who were adopted in fewer than 24 months from the time of the latest removal from their home***. The percentage of children adopted within 24 months from latest removal from home has increased from 40% in 2004 and exceeded the national standard in every year since 2002. The national standard for this measure is 36.6%.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Children's Services Grants is funded primarily with appropriations from the General Fund and from federal funds. Initiatives supported by the Minnesota Children's Trust Fund are funded from a surcharge on birth certificates.

## Contact

For more information about Children's Services Grants, contact the Child Safety and Permanency Division, (651) 431-4660.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 47,433 | 50,498 | 50,498 | 50,498 | 100,996 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (5,371) | (5,371) | (10,742) |
| Subtotal - Forecast Base | 47,433 | 50,498 | 45,127 | 45,127 | 90,254 |
| **Governor's Recommendations** | | | | | |
| Adoption / Relative Custody Assistance | | 0 | 5,770 | 7,029 | 12,799 |
| **Total** | **47,433** | **50,498** | **50,897** | **52,156** | **103,053** |
| **Federal Tanf** | | | | | |
| Current Appropriation | 340 | 140 | 140 | 140 | 280 |
| Subtotal - Forecast Base | 340 | 140 | 140 | 140 | 280 |
| **Total** | **340** | **140** | **140** | **140** | **280** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 45,552 | 49,664 | 50,897 | 52,156 | 103,053 |
| Federal Tanf | 140 | 140 | 140 | 140 | 280 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 5,793 | 7,430 | 3,331 | 2,618 | 5,949 |
| Federal | 37,532 | 37,144 | 35,596 | 35,516 | 71,112 |
| Federal Stimulus | 4,082 | 4,047 | 1,013 | 0 | 1,013 |
| Gift | 18 | 25 | 25 | 4 | 29 |
| **Total** | **93,117** | **98,450** | **91,002** | **90,434** | **181,436** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 30 | 0 | 0 | 0 | 0 |
| Other Operating Expenses | 1,459 | 247 | 38 | 33 | 71 |
| Payments To Individuals | 44,516 | 48,703 | 48,297 | 49,056 | 97,353 |
| Local Assistance | 47,112 | 49,500 | 42,667 | 41,345 | 84,012 |
| **Total** | **93,117** | **98,450** | **91,002** | **90,434** | **181,436** |

**Activity at a Glance**

Serves 350,000 people annually who experience abuse, neglect, poverty, disability, chronic health conditions, or other factors that may result in poor outcomes or disparities.

## Activity Description

Children and Community Services Grants provides funding to counties to purchase or provide social services for children and families.

## Population Served

These funds provide services to clients who experience dependency, abuse, neglect, poverty, disability, chronic health conditions, mental health conditions, or other factors that may result in poor outcomes or disparities, as well as services for family members to support those individuals. Services are provided to people of all ages who are faced with a wide variety of needs. Historically, these grants have supported the following populations

- children in need of protection;
- pregnant adolescents and adolescent parents and their children;
- abused and neglected children under state guardianship;
- adults who are vulnerable and in need of protection;
- people over age 60 who need help living independently;
- children and adolescents with emotional disturbances and adults with mental illness;
- people with developmental disabilities;
- people with substance abuse issues;
- parents with incomes below 70% of state median income who need child care services for their children; and
- children and adolescents at risk of involvement with criminal activity.

## Services Provided

County boards are responsible for coordinating formal and informal systems to best support and nurture children and adults within the county who meet the requirements in the state Children and Community Services Act (CCSA). This includes assisting individuals to function at the highest level of ability while maintaining family and community relationships.

Children and Community Services Grants' services focus on the following activities and outcomes

- preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests;
- preserving, rehabilitating, or reuniting families;
- achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- identifying mental health disorders early and providing treatment based on the latest scientific evidence;
- preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- referring or admitting for institutional care people for whom other forms of care are not appropriate

Children and Community Services Grants support the following services

- adoption services;
- case management services;
- counseling services;
- foster care services for adults and children;
- protective services for adults and children;
- residential treatment services;
- special services for people with developmental, emotional, or physical disabilities;
- substance abuse services;
- transportation services; and
- public guardianship.

## Historical Perspective

The Children and Community Services Act (CCSA), which was enacted by the 2003 legislature, consolidated 15 separate state and federal children and community services grants, including Title XX, into a single block grant program. The CCSA gives counties more flexibility to ensure better outcomes for children, adolescents, and adults in need of services. The act also simplifies the planning and administrative requirements of the previous Community Social Services Act. It includes criteria for counties to limit services if CCSA funds are insufficient.

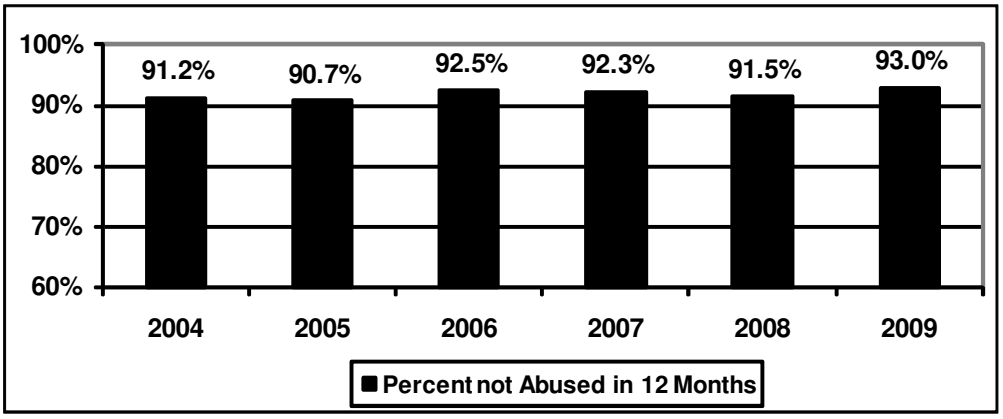
## Key Activity Goals & Measures

- ***Families will provide a stable, supportive environment for their children.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Improve outcomes for the most at-risk children.*** Working with others, the department will provide early and targeted services to children in Minnesota who are at greatest risk for poor outcomes, including those who are homeless, disabled, teenage parents, in child protection, or in deep or persistent poverty. By identifying these at-risk children, building partnerships and service networks, and implementing targeted, coordinated and integrated services, children's lives will improve. They will also be better prepared for a healthy and productive adulthood.
- ***Disparities will be reduced in service access and outcomes for racial and ethnic populations.*** The department provides grants to counties to provide support at the local level based on the presenting needs of residents in that community. The program tracks several child safety and permanency outcomes by race and ethnicity at the county level. This goal is from the Minnesota Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

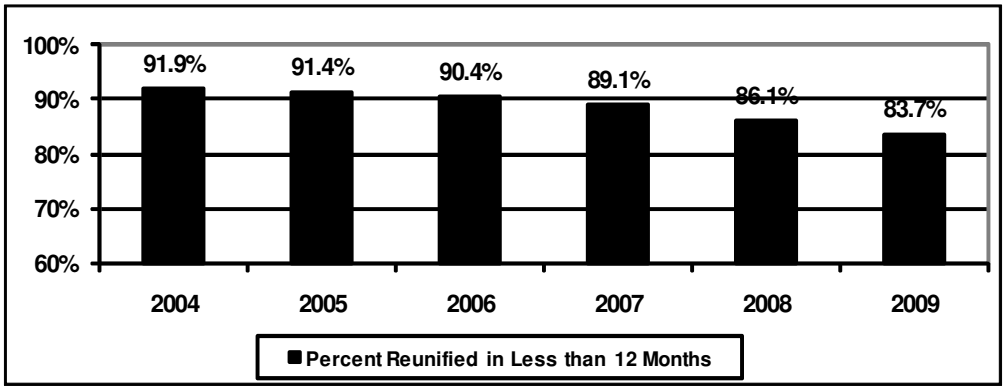
The underlying factor common to the three measures listed below is that more children will live in safe and permanent homes.

Key measures are

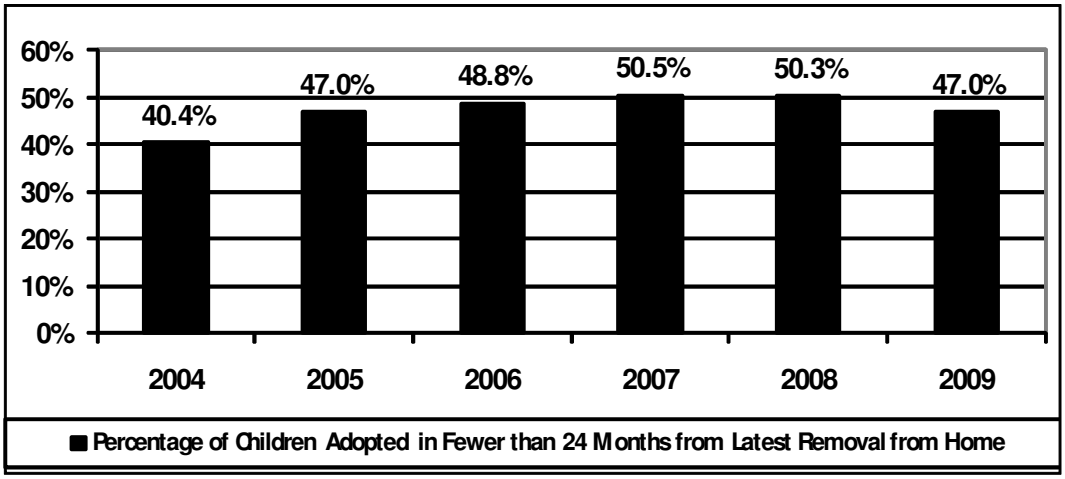
- ***Percentage of children who do not experience repeated abuse or neglect within 12 months of a prior report.*** For the period of 2004 through 2009 in Minnesota, the percentage of children who did not experience repeated abuse or neglect within 12 months of a prior report ranged from 91% (2004) to 93% (2009).




- **Percentage of children reunified in less than 12 months from the time of the latest removal from their home.** For the period of 2004 through 2009 in Minnesota, the percentage of children reunified in fewer than 12 months from the latest removal from their homes ranged from 84% to 92%. The national standard for this measure is 75.2%.



- ***Percentage of children who were adopted in fewer than 24 months from the time of the latest removal from their home***. The percentage of children adopted within 24 months from latest removal from home has increased from 40% in 2004 and exceeded the national standard in every year since 2002. The national standard for this measure is 36.6%.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Children and Community Services Grants are funded with appropriations from the general fund and from federal Title XX (Social Services Block Grant) funds.

## Contact

For more information on Children and Community Services Grants, contact the Child Safety and Permanency Division, (651) 431-4660.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 50,763 | 49,292 | 49,292 | 49,292 | 98,584 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 15,009 | 15,009 | 30,018 |
| Subtotal - Forecast Base | 50,763 | 49,292 | 64,301 | 64,301 | 128,602 |
| **Governor's Recommendations** | | | | | |
| CCSA for Vulnerable Children & Adults | | 0 | (10,000) | (12,000) | (22,000) |
| **Total** | **50,763** | **49,292** | **54,301** | **52,301** | **106,602** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 50,763 | 49,292 | 54,301 | 52,301 | 106,602 |
| **Statutory Appropriations** | | | | | |
| Federal | 32,654 | 32,413 | 32,275 | 32,275 | 64,550 |
| **Total** | **83,417** | **81,705** | **86,576** | **84,576** | **171,152** |
| ***Expenditures by Category*** | | | | | |
| Local Assistance | 83,417 | 81,705 | 86,576 | 84,576 | 171,152 |
| **Total** | **83,417** | **81,705** | **86,576** | **84,576** | **171,152** |

**Activity at a Glance**

- Provides transitional housing to 4,450 people annually.
- Provides food support to more than 400,000 people each month.

## Activity Description

Children and Economic Assistance Grants provides funding for housing, food, and other services to low-income families and individuals in transition to economic stability.

## Population Served

Eligible recipients include

- individuals and families who are at risk of homelessness and need housing and supportive services until they are able to move into stable, permanent housing;
- low-income families and individuals needing assistance to meet basic nutritional needs; and
- low-income households that need services and support to achieve long-term economic stability and maintain employment.

## Services Provided

- Supportive Housing Services Grants address the needs of long-term homeless individuals and families.
- The Transitional Housing Program (THP) provides grants for programs that provide transitional housing and supportive services to homeless people for up to 24 months so that they can find stable, permanent housing.
- The Emergency Services Program funds shelters and other organizations to provide emergency shelter and essential services to homeless adults, children, and youth.
- Food shelves provide food to low-income individuals and families who have exhausted resources and are unable to meet their basic nutrition needs. Food banks, food shelves, on-site meal programs, and shelters provide food through the Minnesota Food Shelf Program and The Emergency Food Assistance Program.
- Food Support is provided through Electronic Benefit Transfer, Food Support Expedited Benefits, and Food Support Cashout Supplemental Security Income.
- The Minnesota Food Assistance Program provides state-funded grants to legal non-citizens who are no longer eligible for federal Food Support.
- Minnesota Community Action Grants provide low-income citizens with the information and skills necessary to become more self-reliant through a statewide network. Services are designed locally, based on community assessments, and aimed at ending poverty through high-impact strategies.
- Family Assets for Independence in Minnesota (FAIM) helps low-wage earners acquire financial assets and move out of poverty through matched savings accounts and financial education.
- Fraud-prevention grants are awarded to counties to fund early fraud detection and collection efforts for public assistance programs.

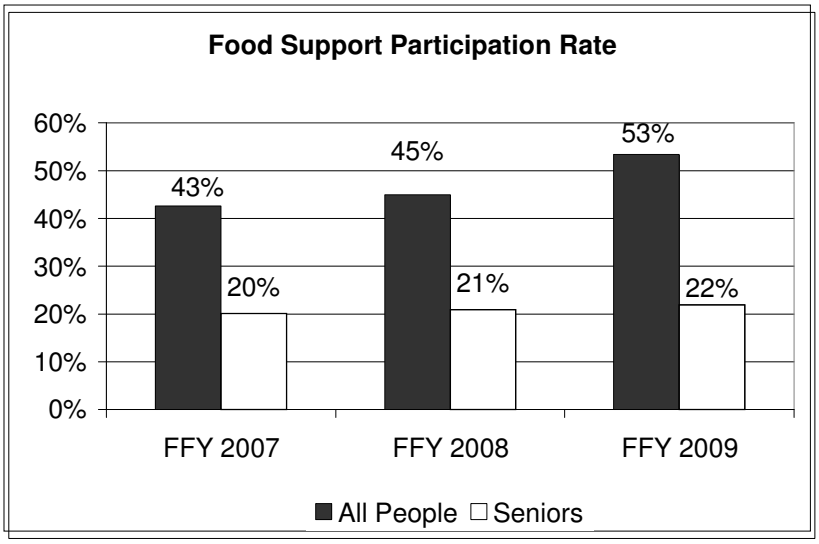
## Historical Perspective

Homeless prevention programs were developed in the 1980s in response to the increasing numbers of children and families experiencing homelessness. The 2005 legislature appropriated $5 million/year for Supportive Housing Services grants to serve families and individuals experiencing long-term homelessness. Additional one-time funding was provided by the legislature in 2007 and 2008 to integrate the Supportive Housing and Managed Care Pilot into the new program. Certain legal non-citizens lost eligibility for federal Food Support in the 1990s and the state responded by creating the Minnesota Food Assistance Program. Family Assets for Independence in Minnesota is part of a national asset building initiative that also began in the 1990s. It came from the recognition that low-income families are often excluded from financial opportunities for asset development that is available to middle and upper income families.

## Key Activity Goals & Measures

- ***Improve outcomes for the most at-risk children.*** DHS provides supports and services to the children in Minnesota who are at the greatest risk for poor outcomes. This goal is from the Minnesota Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
- *Provide integrated services to at-risk adults who are without children and struggling to meet their basic needs.* At-risk adults who are without children and struggling to meet their basic needs will receive a seamless continuum of financial, employment, health care, housing, social services, and other supports from the department and its partners. This goal is also from DHS' *Priority Plans.*

Key measures are
- Food Support Participation Rate for People in Poverty
- Food Support Participation Rate for Seniors in Poverty




These measures are the average monthly number of people eligible for Food Support (including MFIP Food Portion) divided by the number of people at or below 125% of the federal poverty level, according to the 2006-2008 Three-Year Estimates of the American Community Survey. The Senior Participation Rate includes people ages 65 or older.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Children and Economic Assistance Grants are funded with appropriations from the state General Fund and from federal funds.

## Contact

For more information on Children and Economic Assistance Grants, contact the Community Partnerships Division, (651) 431-3809.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: CHILDREN & ECONOMIC SUPPORT GR

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 16,447 | 15,552 | 15,552 | 15,552 | 31,104 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 753 | 263 | 1,016 |
| Subtotal - Forecast Base | 16,447 | 15,552 | 16,305 | 15,815 | 32,120 |
| **Governor's Recommendations** | | | | | |
| Fund Growth for Mn Food Assistance Prog | | 0 | 333 | 408 | 741 |
| End State Community Action Grants | | 0 | (3,900) | (3,900) | (7,800) |
| End State FAIM Grants | | 0 | (492) | 0 | (492) |
| Match Supportive Services Expenditures | | 0 | (500) | (500) | (1,000) |
| **Total** | **16,447** | **15,552** | **11,746** | **11,823** | **23,569** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 16,140 | 15,577 | 11,746 | 11,823 | 23,569 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 300 | 140 | 3 | 3 | 6 |
| Federal | 376,627 | 375,052 | 374,318 | 374,317 | 748,635 |
| Federal Stimulus | 76,997 | 18,531 | 2,600 | 2,600 | 5,200 |
| **Total** | **470,064** | **409,300** | **388,667** | **388,743** | **777,410** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 53 | 5 | 5 | 5 | 10 |
| Payments To Individuals | 428,221 | 382,865 | 367,190 | 367,190 | 734,380 |
| Local Assistance | 41,433 | 25,680 | 20,722 | 20,798 | 41,520 |
| Other Financial Transactions | 357 | 750 | 750 | 750 | 1,500 |
| **Total** | **470,064** | **409,300** | **388,667** | **388,743** | **777,410** |

**Activity at a Glance**

Monthly average of refugees receiving resettlement services

- Refugee Cash Assistance 64
- Refugee Medical Assistance 59
- Social Services 857

## Activity Description

Refugee Services Grants provides federally-funded resettlement services to help refugees rebuild their families and integrate as new Minnesotans.

## Population Served

Refugees are people lawfully admitted to the United States who are unable to return to their own home country because of a fear of persecution.

## Services Provided

Refugee Cash Assistance/Refugee Medical Assistance (RCA/RMA) is federal funding that provides cash assistance and pays for medical care for needy refugees who do not qualify for the Minnesota Family Investment Program (MFIP) or Medical Assistance (MA).

Social services provide refugees with culturally appropriate and bilingual employment services through contracts with nonprofit and ethnically based community organizations. Services are generally limited to refugees during their first five years in the United States, with priority given to those in their first year.

A wide range of other services is provided to help refugees adjust to life in the United States. Examples of these services are referral and information, translation and interpreter services, family literacy and English language instruction, and preparation for citizenship.

## Historical Perspective

Over the last five years (Oct. 2004-Sept. 2009), Minnesota resettled 16,388 refugees from 47 ethnic nationalities or political nations. Most of the refugees came from Somalia, Laos, Ethiopia, and Burma.

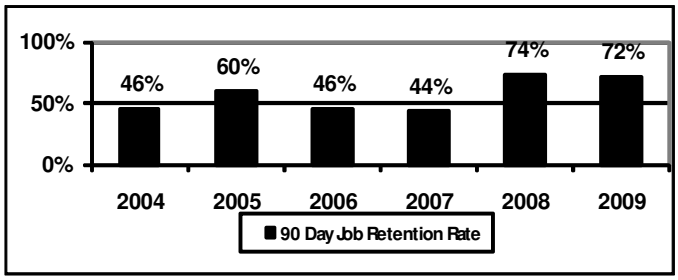
## Key Activity Goals & Measures

- **All people will be welcomed, respected, and able to participate fully in Minnesota's communities and economy**. The goal of refugee services is to rebuild refugee families and integrate them as new Minnesotans. This goal is from Minnesota Milestones (http://server.admin.state.mn.us/mm/goal.html).
  A specific objective of refugee services is to help families become economically self-supporting.

  Key measures are:

**Refugees' wage rate at job placement**


**Refugees' 90-day job retention rate**




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Refugee Services Grants is funded with appropriations from federal funds.

## Contact

For more information on Refugee Services Grants, contact Community Living Supports, (651) 431-3885.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Fund*** | | | | | |
| **Statutory Appropriations** | | | | | |
| Federal | 11,753 | 15,518 | 9,137 | 7,337 | 16,474 |
| **Total** | **11,753** | **15,518** | **9,137** | **7,337** | **16,474** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 2,710 | 2,158 | 1,700 | 900 | 2,600 |
| Payments To Individuals | 1,867 | 3,000 | 3,000 | 3,000 | 6,000 |
| Local Assistance | 7,176 | 10,360 | 4,437 | 3,437 | 7,874 |
| **Total** | **11,753** | **15,518** | **9,137** | **7,337** | **16,474** |

**Activity at a Glance**

- Provides funding to private and governmental agencies for focused health care grants.
- Provides services to persons who are enrolled in or qualify for Medical Assistance (MA), General Assistance Medical Care (GAMC), and to MinnesotaCare enrollees.

## Activity Description

Health Care Grants contains seven elements

- care coordination grants;
- monitor MA Prepaid Health Plan grants;
- state-wide toll-free number;
- state payment of subsidies for COBRA premiums;
- State Health Care Access Program grant; and
- outreach grants.

## Population Served

This activity provides services to persons who are enrolled in or qualify for Medical Assistance (MA), General Assistance Medical Care (GAMC), and MinnesotaCare enrollees. It also provides services to people who do not qualify for Minnesota Health Care Programs but cannot afford to purchase insurance in the commercial market; these services are provided by safety net providers.

## Services Provided

Care coordination grants create and fund multiple care coordination pilots for children and adults with complex health care needs in the fee-for-service delivery system.

The Monitor MA Prepaid Health Plans grants include expenditures incurred through interagency agreements with the Minnesota Department of Health (MDH). State matching funds are provided by MDH while DHS claims 50% federal financial participation.

Effective 7-1-09 through 2-28-12, a state-funded subsidy equal to 35% of the cost of COBRA health insurance is provided to persons who are eligible for both the federal subsidy of 65% of the COBRA premium and a Minnesota Health Care Program. For the purpose of MinnesotaCare eligibility, individuals who have received the COBRA subsidy are exempt from that program's four-month uninsured requirement.

DHS received a federal State Health Access Program (SHAP) grant of up to approximately $35.3 million over five years to help uninsured Minnesotans get health care through local access to care programs. DHS will distribute the SHAP funding through grants to community agencies. These agencies will develop programs that will provide affordable coverage for preventive health and primary care services to people who are:

- not eligible for Medical Assistance or GAMC;
- not enrolled onto Minnesota Care; and
- unable to afford private insurance.

Additionally, the SHAP grant provides Minnesota with the opportunity to further expand health care coverage through the development and implementation of the Minnesota Health Care Programs online application and electronic verification system.

Outreach grants assist public and private organizations in providing information and application assistance to potential Minnesota Health Care Program (MHCP) enrollees. DHS has awarded funds to two grantees to target disparate groups and refine an open enrollment process for school-aged children in collaboration with schools/school districts. One of the grantees will carry out the activities proposed under the Open Enrollment and Schools project which include:

- providing targeted outreach;
- application and enrollment assistance;
- streamlined referral processes; and
- exploration of a data share with DHS and the Department of Education.

The other grantee will evaluate its current strategies and existing data sources to identify efficiencies and develop new and innovative strategies to reach school-aged children without coverage and their families.

## Historical Perspective

Prior to the 2005 legislative session, Minnesota Health Care Program Outreach grants and County Prepaid Medical Assistance Program (PMAP) grants also operated out of this budget activity. The Health Care Program Outreach grants were eliminated in the 2005 legislative session. Additional outreach grant funds were appropriated in the 2008 legislative session. County PMAP grants were phased out in the 2003 legislative session, with grants to counties ending in FY 2004.

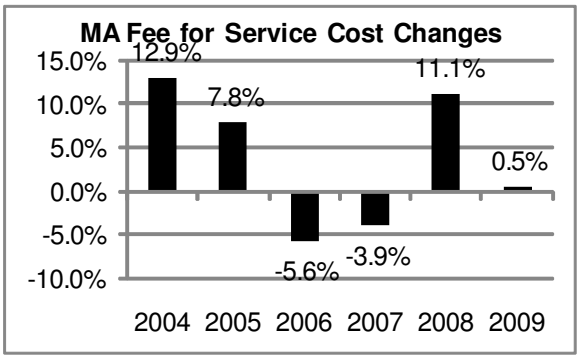
Funds to pay COBRA premium subsidies were appropriated in 2009. During the 2010 session, the period for which subsidies could be paid was extended from 12-31-10, to 8-31-11, to match the extension of federal COBRA premium subsidy.

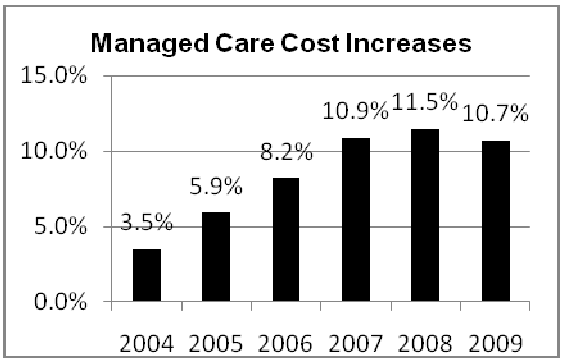
## Key Activity Goals & Measures

- **Use the state's participation in the health care market to improve health care quality, access, outcomes, and affordability for all Minnesotans.** For the health care and nursing home services that it purchases, the department will improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. This goal is from the Department of Human Services' Priority Plans (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

- **Improve public health care program value. Basic health care costs account for approximately half of the Department of Human Services' (DHS') state funding.** At a time of lean budgets, it is critical that DHS look at all possible measures to reduce costs. In addition, it is important that the department improve price and quality transparency, encourage the use of evidence-based care, and use the payment system to encourage quality and efficiency. These strategies will improve quality, access, outcomes and affordability for all Minnesotans. http://www.accountability.state.mn.us/Departments/HumanServices/Goals.htm.

- **Cost increases in Minnesota health care programs.**




For more information on DHS performance measures, see
http://www.accountability.state.mn.us/Departments/HumanServices/index.htm

## Activity Funding

Health Care Grants is funded from appropriations from the General Fund and health care access fund, from private grants, and from federal funds.

## Contact

For more information on Health Care Grants, contact the Health Care Programs office at (651) 431-2478.

Information on DHS programs is available on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: HEALTH CARE GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 295 | 295 | 295 | 295 | 590 |
| Subtotal - Forecast Base | 295 | 295 | 295 | 295 | 590 |
| **Total** | **295** | **295** | **295** | **295** | **590** |
| **Health Care Access** | | | | | |
| Current Appropriation | 23,533 | 80 | 80 | 80 | 160 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 110 | 110 | 220 |
| Subtotal - Forecast Base | 23,533 | 80 | 190 | 190 | 380 |
| **Total** | **23,533** | **80** | **190** | **190** | **380** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 287 | 295 | 295 | 295 | 590 |
| Health Care Access | 6,190 | 16,996 | 190 | 190 | 380 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 95,619 | 35,000 | 32,000 | 32,000 | 64,000 |
| Federal | 1,998 | 4,342 | 5,358 | 5,946 | 11,304 |
| **Total** | **104,094** | **56,633** | **37,843** | **38,431** | **76,274** |
| ***Expenditures by Category*** | | | | | |
| Payments To Individuals | 95,619 | 35,000 | 32,000 | 32,000 | 64,000 |
| Local Assistance | 8,475 | 21,633 | 5,843 | 6,431 | 12,274 |
| **Total** | **104,094** | **56,633** | **37,843** | **38,431** | **76,274** |

**Activity at a Glance**

- Provides congregate dining to 57,000 people and home-delivered meals to 14,000 people annually.
- Provides social service support to 258,000 people, health promotion to 6,000 people, and caregiver supports to 10,000 people annually.
- Supports nearly 18,000 volunteers per year who provide services through the Retired and Senior Volunteer Program (RSVP), Foster Grandparents, and Senior Companions.
- Provides, through the Senior LinkAge Line, comprehensive assistance and individualized help to more than 65,000 individuals through 103,000 unduplicated contacts in 2009.
- Through www.MinnesotaHelp.info, a web-based database of over 11,000 providers available to the public, provides 397.000 visitors with community-based resources and customized long-term care planning tools.
- Funds home and community-based service options for more than 18,000 people and increased capacity by 6,000 volunteers in FY 2009 through the Community Service/Service Development grant program.

## Activity Description

Aging and Adult Services Grants provides non-medical social services and supports for older Minnesotans and their families to enable them to stay in their own homes and avoid institutionalization.

## Population Served

To be eligible for most of the services paid through these grants, people must be age 60 or older. Although not means-tested, services are targeted to people with the greatest social and economic needs. This conforms to eligibility criteria under the federal Older Americans Act (OAA), which also provides federal funding for a number of these services.

State Community Service/Services Development (CS/SD) and Caregiver Respite and Support (Caregiver) programs increase service availability and service choice for older Minnesotans in both urban and rural communities, providing greater opportunity for Minnesotans to age in place. From FY 2002 through FY 2009, state CS/SD and Caregiver funds have been awarded to 281 projects that have increased the supply of in-home supports, served more than 226,000 people in 87 counties and involved more than 55,000 volunteers.

## Services Provided

Aging and Adult Services grants provide:

- nutritional services including meals and grocery delivery;
- transportation, chore services, and other services that help people stay in their own homes;
- evidence-based health promotion, chronic disease management, and falls prevention services;
- mentoring of families and children through older adult volunteer community services projects;
- care and one-on-one attention for special needs children (through the Foster Grandparents Program);
- assistance with daily activities for frail older adults;
- information and assistance through Senior LinkAge Line,® the online database www.MinnesotaHelp.info, and web-based long-term care planning tools including comprehensive, objective long-term care options counseling;
- counseling about Medicare, supplemental insurance, and other health and long-term care insurance options;
- comprehensive prescription drug expense assistance, including Medicare Part D, to Minnesotans of all ages;
- assistance and community based follow-up provided to nursing facility residents who want to return to the community;
- respite and other supportive services to family caregivers, including the option for consumer-directed supports; and
- expansion and development of more home and community services and housing options.

## Historical Perspective

In 2001, the Minnesota Long-Term Care Task Force issued a report[1] that identified a number of critical issues facing the state, including: the increasing need for long-term care as a result of the aging population; the needs of family caregivers; the over-reliance on institutional models of care, such as nursing facilities; and the need for more community-based options. As a result, the legislature enacted a number of policies to rebalance the long-term care system. This included new and increased state funding to expand the capacity of the community-based system and support the informal network of families, friends, and neighbors.

[1] Reshaping Long-Term Care in Minnesota: State of Minnesota Long-Term Care Task Force Final Report, January 2001. http://archive.leg.state.mn.us/docs/pre2003/other/010126.pdf.

The state grant programs are aligned and coordinated with the services provided under the federal OAA. The OAA was passed by Congress in 1965 at the same time the Medicaid program, which began federal funding for nursing facility care, was established. The OAA's purpose was to assist elderly people to live as independently as possible and avoid premature institutionalization. Federal OAA funds in Minnesota are administered through the Minnesota Board on Aging to provide less formal, community-based services, including volunteer-based services. Federal funding for these programs and services has remained relatively static since 2002. During this same time period, the population of older persons in Minnesota has increased about 7%.

In 2003 state funding for most of these grants was reduced by 15%. However $125,000 per year was restored during the 2007 legislative session for the senior nutrition and volunteer grant programs. Since 2009, Aging and Adult Services grants have been impacted by reductions, unallotment, and/or one-month delays each year.

## Key Activity Goals & Measures

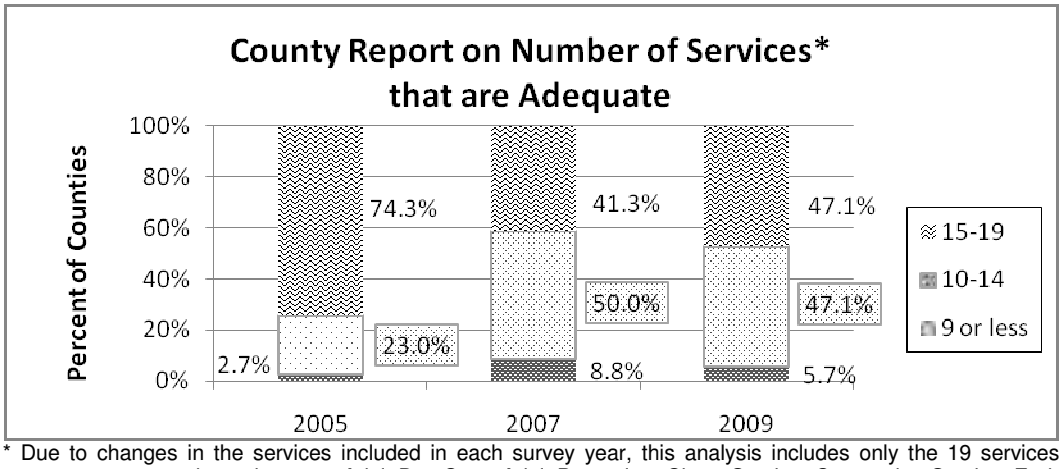
- Older Minnesotans will receive the long-term care services they need in their homes and communities, choose how they receive services, and have more options for using their personal resources to pay for long-term care. Funds in this grant area increase the availability of non-institutional service options for older persons and their families. Competitive grants promote evidence-based models that leverage local private funds and in-kind contributions to promote affordable services that are both dependable and sustainable. This goal is from Departmental Results (http://www.departmentresults.state.mn.us/hs/index.html).

Key activity measures include

- ***Percentage of Minnesota counties reporting adequate home and community-based services for rebalancing long-term care.*** "Rebalancing" refers to shifting services to home and community-based services from institutional care. In 2009, less than half of counties (47.1%) report that they have adequate capacity across 15 or more of their services. This is a slight improvement from 2007 (41.3%) but notably different from 2005, when nearly three-quarters of counties (74.3%) reported having adequate capacity across 15 or more of their services.

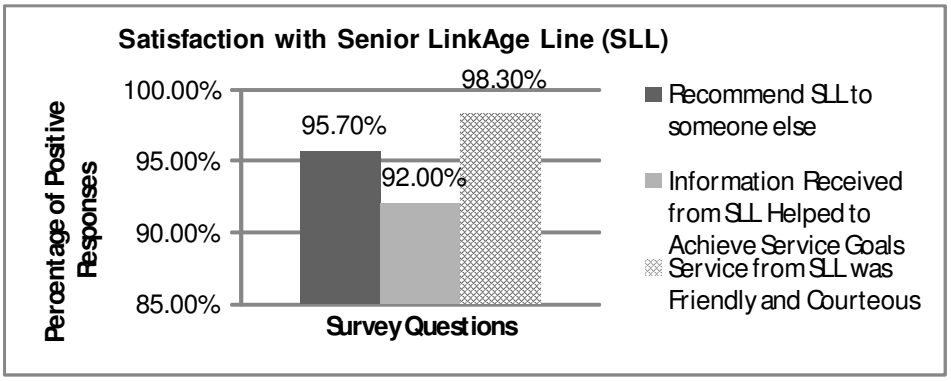
| Year | Average Number of Services* with Adequate Capacity by County (out of 19 services) |
|---|---|
| **2005** | 16 |
| **2007** | 14 |
| **2009** | 14 |

**Data Source:** 2005-2009 LTC Gaps Analysis Surveys of counties. Counties are surveyed every two years on any changes in capacity and current capacity across a variety of home and community-based services and housing options.

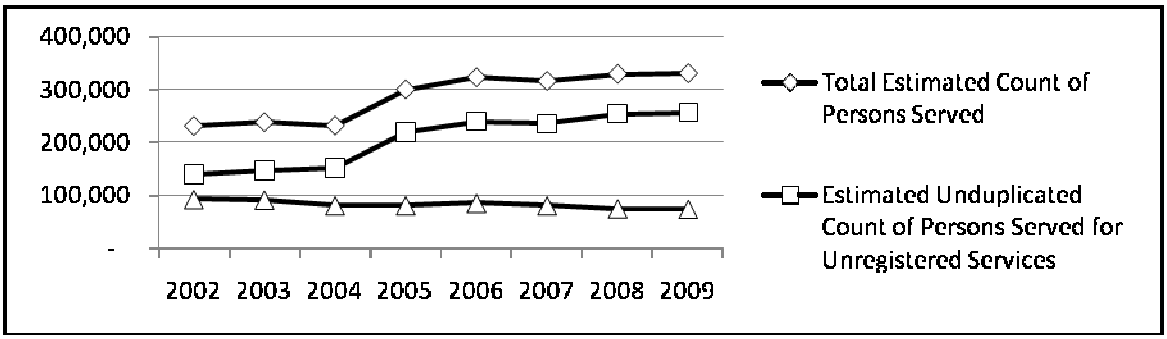



* Due to changes in the services included in each survey year, this analysis includes only the 19 services common across each service year: Adult Day Care, Adult Protection, Chore Service, Companion Service, End-of-life, Hospice, Palliative Care, Fiscal Support Entities (CDCS), Guardianship/Conservatorship, Home Delivered Meals, Home Health Aide, Home Modifications and Adaptations, Homemaker Service, Insurance Counseling/Forms Assistance, Long Term Care Consultation/Community Assessment, Non-County Case Management, Non-County Information/Referral and Assistance, Relocation Service Coordination, Respite Care, In Home, Skilled Home Nursing Care, and Transportation.

- **Level of consumer satisfaction with the Senior LinkAge® Line**




- **Number of people served by the Older American's Act Title III services (non-entitlement)**




A "registered service" requires a detailed client profile and is for more specified needs, such as personal care, homemaker, chore, home-delivered meals, adult day care, case management, assisted transportation (need an escort), congregate meals, and nutrition counseling. An "un-registered service" does not require a client profile and includes such services as transportation, information and referral, outreach, nutrition education, and legal assistance.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Aging and Adult Services Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on these grants, contact Aging and Adult Services Division at (651) 431-2600.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: AGING & ADULT SERVICES GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 9,899 | 10,175 | 10,175 | 10,175 | 20,350 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 12,159 | 12,335 | 24,494 |
| Subtotal - Forecast Base | 9,899 | 10,175 | 22,334 | 22,510 | 44,844 |
| **Governor's Recommendations** | | | | | |
| Aging Grant Reduction | | 0 | (3,600) | (3,600) | (7,200) |
| Low Needs NF Case Mix | | 0 | 100 | 100 | 200 |
| Reduce Provider Rates & Grants | | 0 | (922) | (1,012) | (1,934) |
| Federal Compliance: Eligibilty Changes | | 0 | (6,410) | (7,279) | (13,689) |
| **Total** | **9,899** | **10,175** | **11,502** | **10,719** | **22,221** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 10,518 | 10,795 | 11,502 | 10,719 | 22,221 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 200 | 187 | 187 | 187 | 374 |
| Federal | 19,424 | 22,034 | 21,688 | 20,905 | 42,593 |
| Federal Stimulus | 1,573 | 287 | 208 | 0 | 208 |
| **Total** | **31,715** | **33,303** | **33,585** | **31,811** | **65,396** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | (3) | 0 | 0 | 0 | 0 |
| Payments To Individuals | 0 | 377 | 482 | 168 | 650 |
| Local Assistance | 31,718 | 32,926 | 33,103 | 31,643 | 64,746 |
| **Total** | **31,715** | **33,303** | **33,585** | **31,811** | **65,396** |

**Activity at a Glance**

- 22,000 people receive services in FY 2009.
- 20 programs funded in FY 2009.
- Specialized services that allow some of the most vulnerable Minnesotans, including those who are deafblind and those who have hearing loss and are seriously mentally ill, to live in their communities.

## Activity Description

Deaf and Hard of Hearing Grants provides statewide services that enable at-risk Minnesotans who are deaf, deafblind, or hard of hearing to gain and maintain the ability to live independently and participate in their families and communities.

## Population Served

Deaf and Hard of Hearing Grants serves

- children and adults who are deafblind;
- children who are deaf, deafblind, or hard of hearing and have emotional/behavioral disorders;
- adults who are deaf, deafblind, or hard of hearing and have mental illness;
- families with children who are deaf and learning American Sign Language;
- individuals with hearing loss who rely on captioning to access live news programming; and
- individuals with hearing loss who use sign language interpreting services.

## Services Provided

*Sign language interpreter referral and interpreter-related services* allow deaf, hard of hearing, and deafblind Minnesotans to access core services such as courts, medical care, mental health services, law enforcement, and educational programs. Services include coordination and placement of qualified sign language, oral, cued-speech, and emergency on-call interpreters; interpreting services for chemical health support groups; and advocacy for communication access in emergency situations.

*Deafblind grants* support adults who are both deaf and blind so they can live independently and stay in their own homes. These grants also provide services to deafblind children and their families that result in enhanced communication skills and community integration and that teach siblings and parents the skills needed to support the deafblind child within the family. Supports include one-to-one services and assistive technology.

*Specialized mental health services* assist children, youth, and adults who are deaf, hard of hearing, or deafblind and who have emotional and behavioral disorders or mental illness. Grants provide linguistically and culturally appropriate services including home-based outreach supports, a drop-in center, inpatient therapy, outpatient therapy, family counseling, and educational opportunities for families, schools, and mental health providers.

*Mentor services* are provided to families that have children with hearing loss who choose to use American Sign Language (ASL) for family communication. Mentors teach ASL to parents and family members, help parents learn about deaf culture, introduce families to local deaf community members, and serve as role models for the child who is deaf.

*Real-time television captioning grants* allow deaf, deafblind, and hard of hearing consumers in greater Minnesota access to live local news programming from some public and commercial television stations. Access to information is a key factor in reducing isolation and promoting community involvement for individuals with hearing loss.

## Historical Perspective

Minnesota has long recognized that the ability to meet one's basic needs and be safe can easily be put at risk when a person has a hearing loss. Hearing loss is isolating because it impacts a person's ability to communicate with others – family, neighbors, friends, and service providers. It also has a detrimental effect on the 'information storehouse' each of us develops over our lifetime because it impedes the ability for direct learning such as participating in a classroom, listening to the radio or television, taking online courses, etc. More importantly, it impedes indirect learning. A compounding factor is the age at which an individual loses their hearing. If a person is born with a significant hearing loss or develops a hearing loss prior to the development of spoken language, the natural process for developing language (listening and imitating sounds) is compromised. This means that English must be intentionally taught because it can no longer be acquired simply by being exposed to it.

Since the early 1980s, Minnesota has had a system of supports for individuals who are deaf, deafblind, and hard of hearing. Services have evolved over time and now focus on the segment of the population that continues to be vulnerable because of the compounding effects of hearing loss, especially when coupled with other disabilities.

The Deaf and Hard of Hearing grants support a network of services for the most vulnerable Minnesotans with hearing loss. Some of these are adults who are at risk for institutionalization because their hearing loss complicates the treatment and service options for their other disabilities (mental health issues, blindness). Some of these are children

who are at risk for delayed language and social/emotional development. Others are individuals who live in more remote areas of the state where local services that are designed to accommodate hearing loss are sparse or non-existent.

These grants are administered within DHS by the Deaf and Hard of Hearing Services (DHHS) Division. The division offers a network of services, including regional offices throughout Minnesota, to assist vulnerable individuals who are deaf, deafblind, or hard of hearing as they try to gain access to services and to provide resources and information to families and service providers. The DHHS regional offices now also house the DHHS mental health program, which evolved following the closing of the Deaf Services unit at St. Peter Regional Treatment Center. The Telephone Equipment Distribution (TED) program, funded by the Telecommunications Access Fund in the Department of Commerce, also operates out of the DHHS regional offices. TED provides adaptive telephone equipment to people with a hearing loss or speech or mobility disabilities who meet eligibility criteria and need such equipment to access telecommunications services.

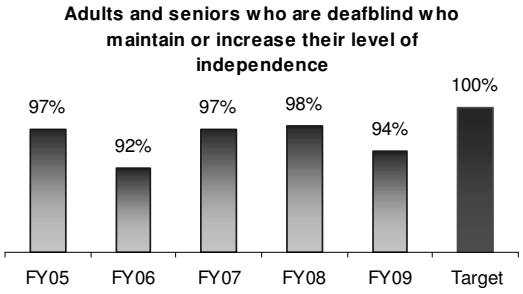
In 1985 the Minnesota Legislature created the Minnesota Commission Serving Deaf and Hard of Hearing (MCDHH), now called the Commission of Deaf, Deafblind and Hard of Hearing Minnesotans. The primary focus of this commission is to advocate for equal opportunity for Minnesotans who are deaf, hard of hearing, and deafblind. Unlike the Deaf and Hard of Hearing Services regional offices and grant programs that offer direct services to consumers, the MCDHH's purpose is to convene stakeholders; identify barriers that prevent success and access to services; propose policy and program solutions; and make recommendations to the governor, legislature, and state departments. MCDHH is a fifteen-member, governor-appointed board supported by department staff.

## Key Activity Goals & Measures

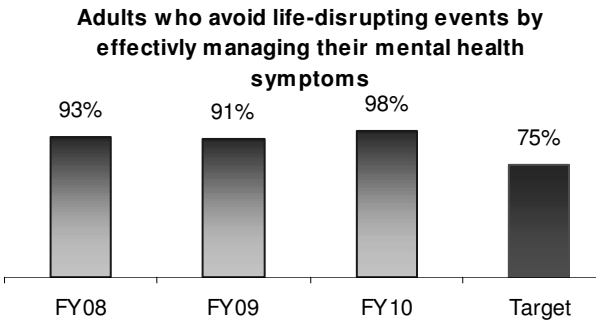
- ***People in need will receive support that helps them live as independently as they can.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Improve outcomes for the most at-risk children.*** This goal is from *DHS Priorities 2010* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-5267-ENG).
- ***To support and enhance quality of life for older people and people with disabilities.*** This goal is from the *DHS Continuing Care Strategic Plan.*

Key measures are

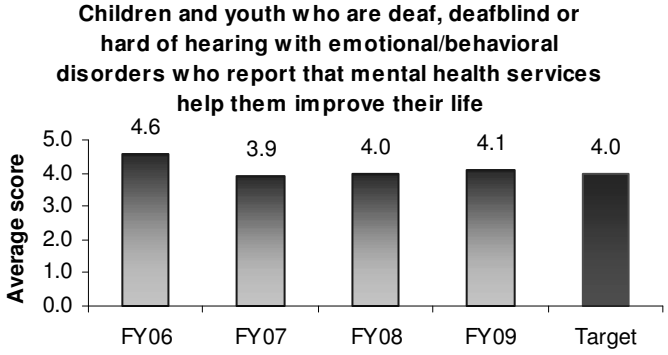
- ***Adults and senior citizens who are deafblind maintain or increase their level of independence;*** Adults and older individuals who have hearing loss and an additional disability of vision loss need supports in order to conduct routine daily activities, access information, and communicate with others; with the right supports at the right time, individuals who are deafblind are able to live independently and integrate into their communities.




- ***Adults who are deaf, deafblind, or hard of hearing and have a psychiatric disorder who avoid life-disrupting events by effectively managing their mental health symptoms -*** Individuals with psychiatric conditions and disorders that disrupt their thinking, emotions, mood, ability to relate to others, and overall daily functioning are at-risk for experiencing life-disrupting events. These are events that result in serious injury, loss of housing or employment, commitment, hospitalization, and/or encounters with law enforcement. When an individual with a psychiatric condition also has a significant hearing loss, his or her ability to avoid these life-disrupting events may be diminished even more unless the person has access to the right supports at the right time. Research has shown that, for individuals who are deaf and use American Sign Language (ASL), the delivery of direct mental health services requires clinicians to be fluent in ASL and trained in the delivery of culturally and linguistically affirmative services in addition to mental health expertise..

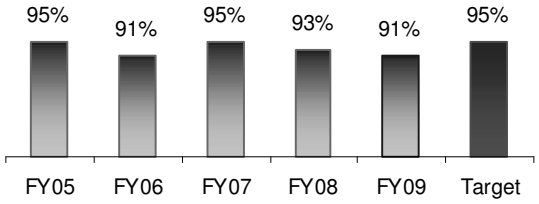


- **Children and youth who are deaf or hard of hearing and have emotional or behavioral disorders report that specialized mental health services help them improve their lives -** Young people with significant hearing loss face barriers in communication, in gaining access to information, and in learning social norms. Emotional and behavioral issues compound the individual's ability to function successfully in society. Appropriate therapy requires therapists who are fluent in American Sign Language and trained in the delivery of mental health services to people who are deaf or hard of hearing.




*Average of responses to the statement: "My therapist helps me improve my life"*
*5 = Strongly agree, 4 = Agree, 3 = Neutral, 2 = Disagree, 1 = Strongly disagree*

- **Requests for sign language interpreter services in greater Minnesota that are successfully filled, including emergency requests received with less than 24 hours notice** - Interpreting services are critical for people who are deaf to be able to live independently, be self-sufficient, and access core services. Because of the vast geographic area of greater Minnesota and the relatively short supply of qualified interpreters, state grant funding supplements a referral service to ensure that interpreting services are available. The challenge in meeting the target percentage is related to finding interpreters for last minute emergency requests. Historically, the target has been consistently met for non-emergency requests.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Deaf & Hard of Hearing Grants for sign language interpreter referral and development, deafblind, specialized mental health services, and mentor services are 100% state funded with appropriations from the general fund.

Television captioning grants are 100% state funded by special revenue through the Telecommunications Access Minnesota (TAM) fund. TAM is administered by the Department of Commerce; grant dollars come to DHS through an interagency agreement.

## Contact

For more information on these grants, contact the Deaf and Hard of Hearing Services Division at (651) 431-2355. Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: DEAF & HARD OF HEARING GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 1,930 | 1,748 | 1,748 | 1,748 | 3,496 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | (150) | (150) | (300) |
| Current Law Base Change | | | 338 | 169 | 507 |
| Subtotal - Forecast Base | 1,930 | 1,748 | 1,936 | 1,767 | 3,703 |
| **Total** | **1,930** | **1,748** | **1,936** | **1,767** | **3,703** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 1,821 | 1,609 | 1,936 | 1,767 | 3,703 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 197 | 264 | 240 | 240 | 480 |
| **Total** | **2,018** | **1,873** | **2,176** | **2,007** | **4,183** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 0 | 24 | 0 | 0 | 0 |
| Local Assistance | 2,018 | 1,849 | 2,176 | 2,007 | 4,183 |
| **Total** | **2,018** | **1,873** | **2,176** | **2,007** | **4,183** |

## Activity at a Glance

- The FSG program serves 1,800 children at an annual average cost of $2,300 per child (CY 2008 data).
- The CSG program serves 1,200 individuals at a monthly average cost of $1,100 per recipient.
- SILS serves 1,500 adults with disabilities at an annual average cost of $5,600 per recipient (CY 2008 data).
- HIV/AIDS programs help 1,700 people living with HIV/AIDS pay for HIV-related prescription drugs, insurance costs, dental, nutritional, mental health, case management, and other support services. The program serves over 25% of the people with known HIV infection in Minnesota.
- DLL had 32,200 contacts, served 15,700 people, and participated in 200 outreach and education events in FY 2010.
- Region 10QA provides alternative quality-based licensing of DD waiver programs in two SE Minnesota counties and offers person-centered service quality assessments throughout the region.
- Housing Access Services helped 70 people relocate in FY 2010.
- Advocating Change Together received $127,000 in FY 2010 to develop a self-advocacy network.

## Activity Description

Disabilities Grants includes a variety of programs to provide community service options for individuals with disabilities, to provide support to lead agencies, and to develop and maintain a system-wide infrastructure.

## Population Served

The target population for each of the programs varies:

- Family Support Grant (FSG) serves families whose annual adjusted gross income is less than $88,170 and who have a child with a certified disability.
- Consumer Support Grant (CSG) is available for people who are eligible for MA as an alternative to home care.
- Semi-Independent Living Services (SILS) serves people who are at least 18 years old, have a developmental disability, require a level of support that is not at a level that would put them at risk of institutionalization, and require systematic instruction or assistance to manage activities of daily living.
- HIV/AIDS programs serve people living with HIV/AIDS who have incomes under 300% of the federal poverty guideline (FPG) and cash assets under $25,000.
- Housing Access Services provides assistance to people who qualify for waiver or home care services and want to move out of a licensed setting or family home into their own home.
- Advocating Change Together works to establish a statewide self-advocacy network for adults with disabilities.
- Alternatives to corporate foster care grants are available to provide options to support individuals with disabilities in their own homes through the use of technology.
- Technology grants for the support of the comprehensive assessment will be made available to lead agencies, including counties, tribes, and health plans.
- Minnesota Disability Health Options (MnDHO) transition grants will be available to counties to assist individuals transitioning from MnDHO to Medicaid fee-for-service
- Disability Linkage Line (DLL) serves people with disabilities and chronic illnesses and their families, caregivers, or service providers. No caller is turned away from receiving information from DLL.
- Region 10 Quality Assurance alternative licensing serves people who live in Fillmore and Olmsted counties and receive services through the state's Developmental Disabilities (DD) Medicaid waiver program. Region 10 QA also makes its person-centered assessments of service quality available to individuals with all disabilities throughout southeastern Minnesota.

## Services Provided

- FSG provides cash to families to offset the higher-than-average cost of raising a child with a certified disability. The maximum grant per family is $3,060 per year per eligible child. Allowable expenses include computers, day care, educational services, medical services, respite care, specialized clothing, special dietary needs, special equipment, and transportation.
- CSG helps families purchase home care, adaptive aids, home modifications, respite care, and other assistance with the tasks of daily living. Recipients receive a grant amount less than or equal to the state share of the amount of certain home care services they would receive under Medical Assistance (MA).
- SILS is used by adults with developmental disabilities to purchase instruction or assistance with nutrition education, meal planning and preparation, shopping, first aid, money management, personal care and hygiene, self-administration of medications, use of emergency resources, social skill development, home maintenance and upkeep, and transportation skills.

- HIV/AIDS programs assist enrollees with premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- Housing Access Services provides a grant to a non-profit organization to help individuals move out of licensed settings or family homes into their own homes.
- DLL provides one-to-one assistance to help people learn about their options and connect with the supports and services they choose. Inquiries include requests for information and referrals on disability benefits programs, employment, home modifications, assistive technology, personal assistance services, transitional services, accessible housing, social activities, and disability rights.
- Region 10 QA combines traditional compliance-based provider reviews with VOICE, an innovative, person-centered assessment of the value and quality of services received and experienced by individuals with disabilities. Through active inclusion in this process, people with disabilities and their communities benefit by participating in local guidance and oversight of quality improvement efforts undertaken by service providers and participating counties.

## Historical Perspective

Beginning in 1983 with SILS and FSG, Minnesota established programs that emphasize self reliance, personal responsibility, and consumer direction for people with disabilities. In 1995, Minnesota took another step by offering the CSG program, which lets people choose to access the state share of MA funds through a cash and counseling model. These programs have laid the ground work for the consumer-directed options now available across all Minnesota long-term care waivers.

The HIV/AIDS program began in 1987 with the desire to keep private insurance policies in place for people living with HIV/AIDS and at the same time provide access to a limited scope of additionally needed services and products. Need for the program continues to climb as the number of people living with HIV in Minnesota increases.

To make access to services more streamlined at the state level, responsibility for case management of services to people with HIV was consolidated at the Department of Human Services (DHS) in 2001. In 2004, in response to increasing budget pressures, the HIV/AIDS program implemented a cost-sharing requirement for individuals enrolled in the program. By May 2006, more than 450 individuals were assessed a cost share, with only eight people being deemed programmatically ineligible due to failure to pay. A tightening of policies, staff commitment, and client follow-through have supported the cost-sharing strategies in bringing fiscal balance to the program through FY 2008. On 12-1-07, cost share was suspended due to a funding increase from the federal Ryan White HIV/AIDS Treatment Modernization Act of 2006. The suspension is temporary and cost sharing may be resumed when necessary.

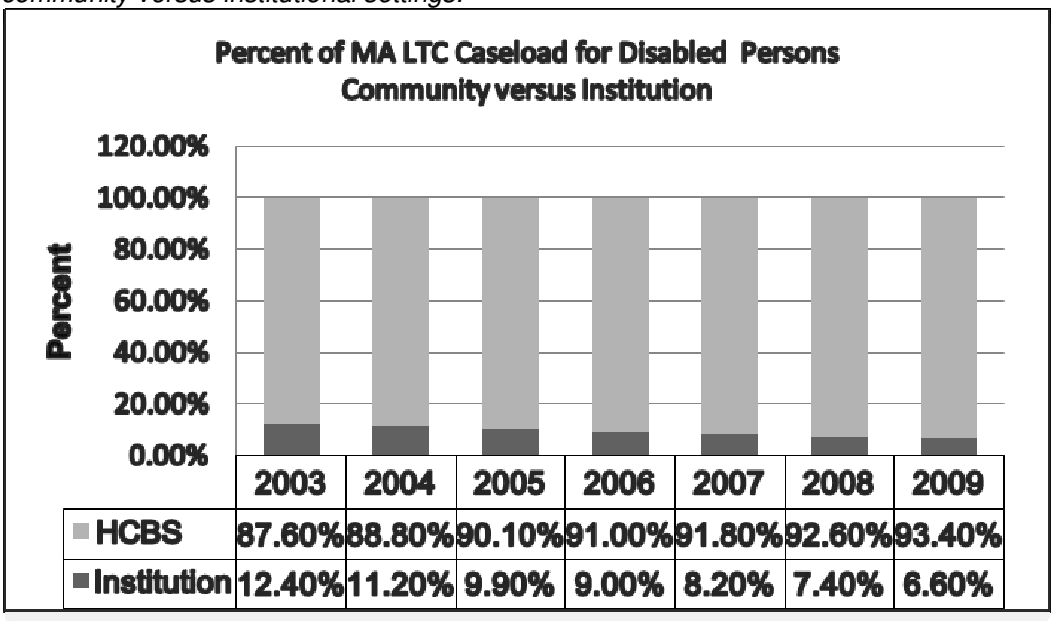
In 2001 DHS' Disability Services Division conducted a planning initiative to assess what changes were needed in Minnesota to better support community living for people with disabilities. Feedback from all participant groups was that a major redesign of the information system for people with disabilities was needed. Because the information system was fragmented, consumers were not aware of their options, could not make informed decisions, and were at greater risk of ending up in institutional settings. In response, Disability Linkage Line was created to build a statewide network and call center for all disability-related questions. Pilot services were launched in the summer of 2004. DLL services were expanded statewide in the spring of 2005.

In 1995, stakeholders from the 11 counties in southeastern Minnesota (Region 10) held a meeting to discuss the service system for persons with disabilities. A priority for the stakeholders was to assure the quality of services to persons with disabilities despite whatever changes were made at the state or federal level. The stakeholders worked with state lawmakers to develop and pass legislation that allows counties to participate in an alternative QA licensing system that focuses on quality and value-based outcomes of service providers versus minimal licensing requirements. A Region 10 QA Commission, composed of members drawn from the community of stakeholders, was established to oversee the development and ongoing implementation of this QA system. In 1997, Region 10 QA received approval from DHS to implement an alternative set of quality assurance standards and related licensing procedures that replaced current compliance-based rules and regulations for licensed providers supporting people with developmental disabilities. Funding for the Region 10 QA Commission was eliminated by the 2009 legislature and a portion of the funding was reinstated by the 2010 legislature. Currently, two of the eleven Region 10 counties are participating in the formal alternative licensing process.

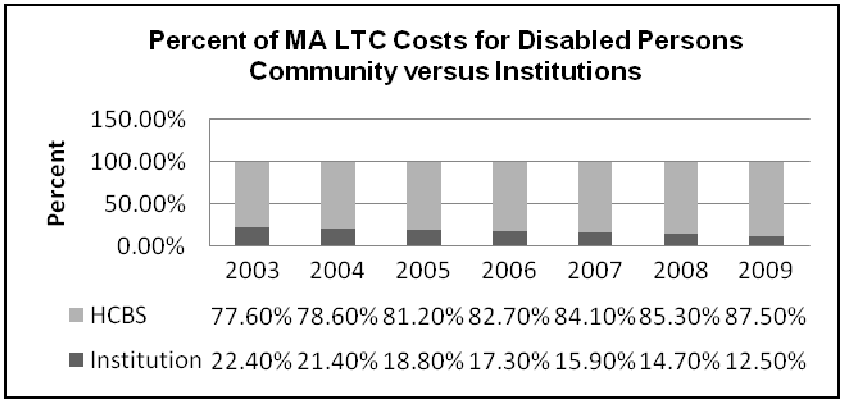
During the 2008 session, the Minnesota legislature provided funding and directed the commissioner of human services to create housing access services to support eligible people with disabilities who seek to live in their own homes using state plan home care services or long term care waiver services.

## Key Activity Goals & Measures

- ***The Continuing Care Administration strives to improve the dignity, health, and independence of the people it serves.*** By doing so, Minnesotans will live as independently as possible; enjoy health, with access to quality health care; have safe, affordable places to live; be contributing and valued members of their communities; and participate in rewarding daily activities, including gainful employment. This goal is derived from the DHS Continuing Care Administration's mission and vision.
- ***Support and enhance the quality of life for people with disabilities.*** Minnesota's long-term care service programs support people with disabilities who do not have the resources to meet their own needs. These supports keep people safe and healthy so they can have a good quality of life and live with dignity. This goal is from the DHS Continuing Care Administration Strategic Plan.
    - *Percentage of people with disabilities receiving publicly-funded long-term care who live in the community versus institutional settings.*




- Percentage of public long-term care dollars expended in community versus institutional settings for people with disabilities.




Both of these measures capture the extent to which the long-term care system is able to support people with disabilities in the community and allow them to live independently.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Disabilities Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on Disabilities Grants, contact the Disabilities Services Division, (651) 431-2400.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: DISABILITIES GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 19,201 | 14,427 | 14,427 | 14,427 | 28,854 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 7,154 | 8,992 | 16,146 |
| Transfers Between Agencies | | | 119 | 119 | 238 |
| Subtotal - Forecast Base | 19,201 | 14,427 | 21,700 | 23,538 | 45,238 |
| **Governor's Recommendations** | | | | | |
| Reduce Certain Congregate Living Rates | | 0 | 250 | 250 | 500 |
| Reduce Provider Rates & Grants | | 0 | (1,364) | (1,540) | (2,904) |
| **Total** | **19,201** | **14,427** | **20,586** | **22,248** | **42,834** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 30,704 | 29,734 | 20,586 | 22,248 | 42,834 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 3,343 | 7,564 | 6,460 | 6,350 | 12,810 |
| Federal | 7,645 | 10,150 | 8,258 | 6,589 | 14,847 |
| **Total** | **41,692** | **47,448** | **35,304** | **35,187** | **70,491** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 663 | 372 | 560 | 559 | 1,119 |
| Payments To Individuals | 7,928 | 14,815 | 19,083 | 21,216 | 40,299 |
| Local Assistance | 33,101 | 32,261 | 15,661 | 13,412 | 29,073 |
| **Total** | **41,692** | **47,448** | **35,304** | **35,187** | **70,491** |

**Activity at a Glance**

- Provides mental health case management to 22,600 adults annually.
- Provides community support services to 21,300 people annually.
- Provides residential treatment to 2,200 people annually.
- Provides Assertive Community Treatment (ACT) to 2,300 people annually.
- Provides crisis services to 5,900 people and crisis housing to 2,300 people annually.
- Provides compulsive gambling treatment to 1,000 people annually.

## Activity Description

Adult Mental Health Grants serves Minnesotans with mental illness, spurs development of non-institutional treatment options, and pays for mental health services for people when they cannot afford to pay. This activity supports the overall objective of promoting assistance for people to live independently, when possible, and, when not, to live in treatment settings that are clean, safe, caring, and effective. These grants are used in conjunction with other funding, particularly Medical Assistance (MA) and Group Residential Housing (GRH).

## Population Served

Approximately 211,000 Minnesota adults have a serious mental illness (SMI) such as schizophrenia, major depression, and bipolar disorder. Of that total, 75% (158,000) are estimated to be in the public mental health system. This compares to about 55,000 people who actually received these services in FY 2009 (based on county reports to the Community Mental Health Reporting System).

These grants primarily serve adults with serious mental illness. (This definition does not include people with developmental disabilities or chemical dependency unless these conditions co-exist with mental illness.) This grant area includes a few grants that serve both adults and children. (Grants that only serve children are in the Children's Mental Health Grants budget activity.)

## Services Provided

Mental Health Grants support a variety of services.

- *Adult Mental Health Initiative/Integrated Fund* supports the continued availability of community-based services and alternative service delivery models to reduce reliance on facility-based care. Integration of grants at the county level allows administration to be more effective and efficient. During the past year, all Adult Mental Health Initiatives (serving 87 counties) have received additional *Crisis Services Grants* to continue to build capacity for mobile crisis teams and crisis stabilization services and to provide ongoing funding for crisis services for individuals who are underinsured or uninsured.
- *Grants for Community Support Services for Adults with Serious and Persistent Mental Illness (Adult Rule 78)* are distributed to counties for client outreach, medication monitoring, independent living skills development, employability skills development, psychosocial rehabilitation, day treatment, and case management if Medicaid is inadequate or not available. These funds are allocated by formula, primarily based on a county's population and are used primarily to provide these services to eligible individuals who are uninsured or underinsured.
- *Adult Residential Grants (Rule 12)* pay the non-federal share of the program component of intensive residential treatment facilities for people with mental illness. These grants are now fully integrated into the adult mental health initiative/integrated fund.
- *Crisis Housing* provides financial help when people are hospitalized and need help to maintain their current housing. Eligible people need to be in inpatient care for up to 90 days and have no other source of income to pay housing costs.
- *Regional Treatment Center (RTC) Alternatives* pays for extended inpatient psychiatric services ("contract beds") in community hospitals for people who are committed or who would be committed if these community services were not available. This is part of a package of expanded community mental health services for the area formerly served by non-metro RTCs.
- *Federal Mental Health Block Grant* funds are used to demonstrate innovative approaches based on best practices that, based on evaluation results, could be implemented statewide. Minnesota has allocated about half of the federal block grant for children's mental health. At least 25% is used for Indian mental health services, not more than 15% for planning and evaluation, and not more than 5% for statewide administration. Grants provided for Indian mental health services fund nine projects on reservations and two in the metro area. In addition, the federal block grant has been used to provide education and information to both families who have a relative with mental illness and to the general public to reduce stigma, to promote the

establishment and operation of a state-wide mental health consumer organization, and to increase the effectiveness of Local Advisory Councils who provide input to county boards across the state.

- *Projects for Assistance with Transition for the Homeless (PATH)* funds, from the federal McKinney Act, are provided to counties to address mental illness among the homeless. Grants to counties are made in combination with Rule 78 Community Support Program funds.
- *Mental Health Infrastructure Grants* are provided to counties and non-profit providers to develop housing with support services, culturally-competent services, provider skills, implementation and capacity to use evidence-based and research-informed practices in direct service, and capacity building for individuals with serious mental illness who have served in jails or who interface with law enforcement.
- *Compulsive Gambling Treatment and Education* funds inpatient and outpatient treatment programs on an individual client, fee-for-service basis. The program also pays for research, public education and awareness efforts, in-service training for treatment providers, and a statewide toll-free, 24-hour helpline.

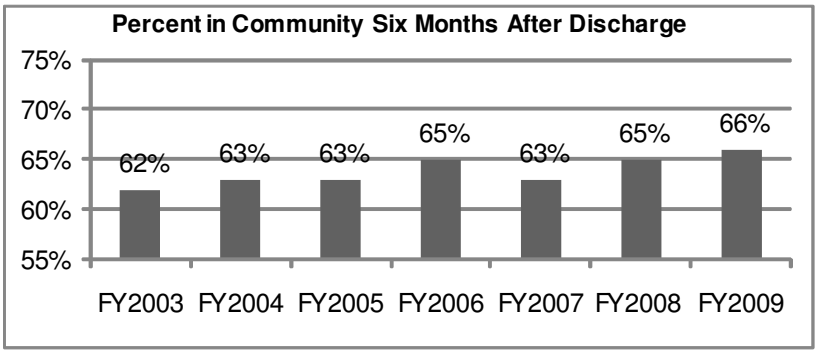
## Historical Perspective

Federal restrictions that prohibit the use of Medicaid for adults in Institutions for Mental Diseases (IMDs)1 have required the state to rely on state General Fund grant programs to a much larger degree than programs serving other populations, such as the elderly or developmentally disabled. During the past several years, Minnesota has made progress in expanding the range of non-residential community mental health services and maximizing federal reimbursement for these services. Intensive Residential Treatment, Crisis Response Services, Adult Rehabilitative Mental Health Services, Assertive Community Treatment, Certified Peer Specialists, and Intensive Outpatient for Dialectical Behavior Therapy have been added as benefits under the Medicaid program. These services are intended to assist with reducing reliance on more costly institutional care.

Over 80% of the funds in this activity are used by counties to pay for staff providing direct services to adults with serious mental illness.

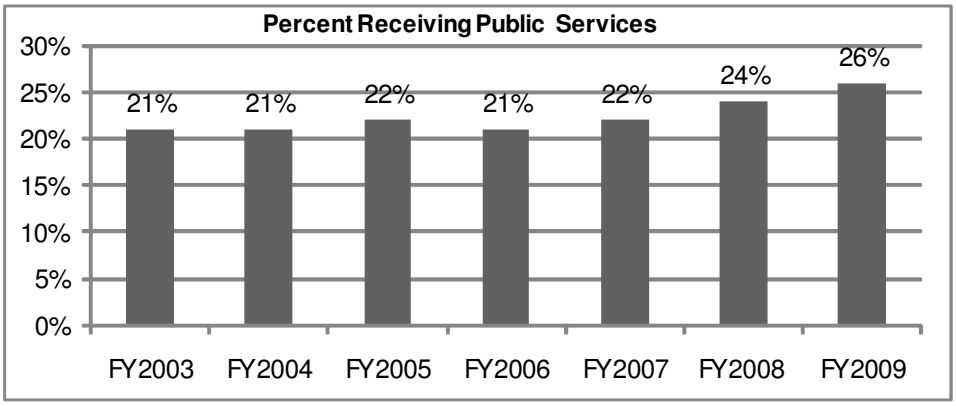
## Key Activity Goals & Measures

- ***Develop effective and accountable mental health and chemical health systems.*** The Department of Human Services (DHS) is implementing steps to support research-informed practices in chemical and mental health services, systematically monitor outcomes, and integrate chemical, mental, and physical health systems. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
  - Percent of adults with serious mental illness who remained in the community six months after discharge from an inpatient psychiatric setting. This measure gives an indication of the effectiveness of the community-based system to provide the range of services that allow individuals to be as independent as possible in the community.




[1] Institution for Mental Diseases (IMD) is a classification under Medicaid that denotes a hospital, nursing facility, or other institution of more than 16 beds that is primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases.

- ***Percent of adults with serious mental illness who are receiving public mental health services.*** This indicator, which is often referred to as the "penetration rate," measures access to needed services.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Adult Mental Health Grants is funded with appropriations from the General Fund, lottery fund, and special revenue fund, as well as from federal funds.

## Contact

For further information about Mental Health Grants, please contact Chemical and Mental Health Services, (651) 431-2240.

Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: ADULT MENTAL HEALTH GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 72,539 | 69,835 | 69,535 | 69,535 | 139,070 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 8,004 | 8,004 | 16,008 |
| Subtotal - Forecast Base | 72,539 | 69,835 | 77,539 | 77,539 | 155,078 |
| **Total** | **72,539** | **69,835** | **77,539** | **77,539** | **155,078** |
| **Health Care Access** | | | | | |
| Current Appropriation | 750 | 750 | 750 | 750 | 1,500 |
| Subtotal - Forecast Base | 750 | 750 | 750 | 750 | 1,500 |
| **Total** | **750** | **750** | **750** | **750** | **1,500** |
| **Lottery Cash Flow** | | | | | |
| Current Appropriation | 1,428 | 1,429 | 1,429 | 1,429 | 2,858 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | 79 | 79 | 158 |
| Subtotal - Forecast Base | 1,428 | 1,429 | 1,508 | 1,508 | 3,016 |
| **Total** | **1,428** | **1,429** | **1,508** | **1,508** | **3,016** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 71,160 | 71,643 | 77,539 | 77,539 | 155,078 |
| Health Care Access | 750 | 750 | 750 | 750 | 1,500 |
| Lottery Cash Flow | 1,427 | 1,430 | 1,508 | 1,508 | 3,016 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 231 | 251 | 340 | 340 | 680 |
| Federal | 4,888 | 8,964 | 5,716 | 5,716 | 11,432 |
| **Total** | **78,456** | **83,038** | **85,853** | **85,853** | **171,706** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 1,422 | 568 | 400 | 400 | 800 |
| Local Assistance | 77,034 | 82,470 | 85,453 | 85,453 | 170,906 |
| **Total** | **78,456** | **83,038** | **85,853** | **85,853** | **171,706** |

## Activity at a Glance

In FY 2008:

- 10,000 children in the child welfare and juvenile justice systems received mental health screenings
- 10,000 children received case management services

## Activity Description

Children's Mental Health Grants funds statewide community-based mental health services.

## Population Served

Children's Mental Health Grants funds treatment services for children, from birth to age 21, who have psychiatric diagnoses and need mental health services.

## Services Provided

Children's Mental Health Grants fund development of local service delivery capacity, specifically targeting Minnesota children with diagnosed mental illness and young children showing problems with healthy mental development. Resources are targeted strategically to enhance statewide capacity to identify mental health problems at the earliest possible stage, expand access to scientifically-supported treatment in normal childhood environments, measure the success of treatment, and support families through the extraordinary stresses of raising challenging children.

Children's Mental Health Grants funds community, school, and home-based children's mental health services provided by non-profit agencies, schools, Medicaid-enrolled mental health clinics, tribes, counties, and culturally-specific agencies. While the public mental health system is responsible for the full continuum of children's mental health treatment interventions and ancillary services, grants cover treatment services for children who are un-insured or whose family insurance does not cover necessary mental health services. Additionally, grants fund coordination of physical healthcare and developmental disabilities services and build community alternatives to inpatient hospitalization and residential treatment.

Children's Mental Health Grants funds the following activities

- school-based and school-linked mental health infrastructure development statewide;
- early childhood mental illness identification and intervention in multiple settings, including primary care, pre-school, child care/Head Start, and homes;
- evidence-based practices development, implementation, and measurement;
- crisis intervention infrastructure statewide;
- respite care service capacity statewide;
- culturally-specific provider growth and cultural minority families' access enhancement;
- mental health screening for children and adolescents in the child welfare and juvenile justice systems; and
- children's mental health case management statewide.

## Historical Perspective

Medical science has evolved rapidly in understanding the causes and treatment of mental illness. This has changed the focus of the state's children's mental health care system in recent years. Focus has evolved from reducing aberrant behavior and offering a life-time of social and functional supports intended to help children and families merely cope with mental illness. It has moved, instead, to ameliorate mental illness: to improving access to the most effective treatments, to finding and intervening earlier when treatment is most effective, and to improving quality by measuring results so as to determine the most effective treatment for each combination of diagnosis and demographic characteristics. Effectiveness can be improved by insisting that mental health care is based on a thorough diagnosis of the illness and the preparation of an individualized treatment plan. Payment for mental health treatment requires qualification as a licensed mental health professional and more clinical training opportunities are being provided to these professionals.

State appropriations for children's mental health grants started with the passage of the Comprehensive Children's Mental Health Act in 1989, with a $3 million annual appropriation to support the development of family community support mental health case management services for children with severe emotional disturbance. This was augmented over the course of the 1990s with funds to expand on the availability of community-based children's mental health services as well as some more targeted grants:

- to support the development of regional children's mental health collaboratives;
- to continue services for children with severe emotional disturbance who had lost access to personal care services due to a tightening of eligibility criteria under the Medical Assistance program's TEFRA option, and;
- for services to children with severe emotional disturbance with histories of violent behavior.

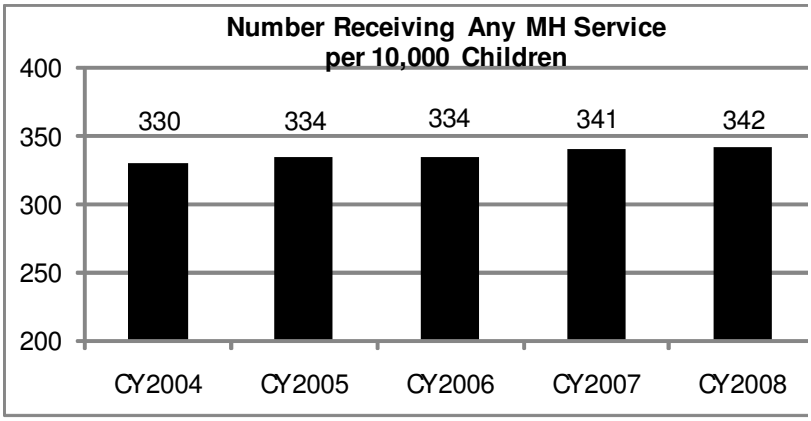
By 2002, dedicated state children's mental grants had grown to over $20 million annually. Beginning in state fiscal year 2004 dedicated state children's mental health grants were largely eliminated and the funding transferred into the Children and Community Services Block Grant, giving counties more discretion on the services provided and the populations served with the funds. Almost immediately, the need for dedicated children's mental health grant funds became apparent and was addressed through appropriations for the grant programs listed above in the previous section.

In the larger context, state children's mental health grants amount to about 12% of $198 million in annual public spending for children's mental health services, while county discretionary spending (27%) and Minnesota Health Care Programs (56%) are the two largest funding sources.

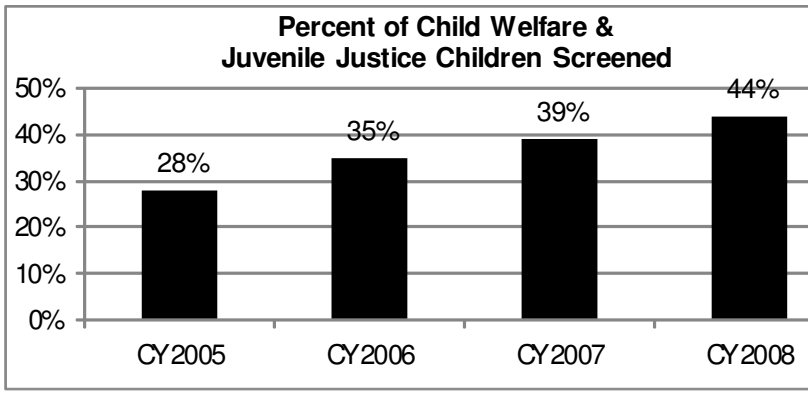
## Key Activity Goals & Measures

- ***Develop effective and accountable mental health and chemical health systems***. The Department of Human Services is implementing steps to support research-informed practices in children's mental health service delivery, systematically monitor outcomes, and integrate chemical, mental, and physical health services. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

***Service Penetration Rate.*** One indicator of service utilization is to measure how deeply into the general population of Minnesota's children does the utilization of publicly-financed mental health services reach. By comparing this measure over a number of years, some indication is given as to whether use of mental health services is changing over time. By measuring service utilization per 10,000 children in the general population, year-to-year population shifts are taken out of consideration and use of services can be compared across years. This is not an indicator of need for services.




***Percentage of children involved in the child welfare system who received a mental health screening.*** Since July 1, 2004, counties have been required to conduct mental health screenings for children in the child welfare and juvenile justice systems. With recent research showing that 70% of adolescents in juvenile justice placements have a diagnosable psychiatric illness, the juvenile corrections system has moved to identify those who need treatment. Children identified as being at risk of needing child protection services often have treatable psychiatric disorders that can be identified and treated through the state's screening grants.




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Children's Mental Health Grants is funded by appropriations from the General Fund.

## Contact

For more information about this activity, contact Children's Mental Health, (651) 431-2321.
Information on DHS programs is on the department's website: http://www.dhs.state.mn.us

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: CHILDREN'S MENTAL HEALTH GR

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 16,685 | 16,682 | 16,682 | 16,682 | 33,364 |
| Subtotal - Forecast Base | 16,685 | 16,682 | 16,682 | 16,682 | 33,364 |
| **Total** | **16,685** | **16,682** | **16,682** | **16,682** | **33,364** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 17,761 | 17,504 | 16,682 | 16,682 | 33,364 |
| **Total** | **17,761** | **17,504** | **16,682** | **16,682** | **33,364** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 71 | 0 | 0 | 0 | 0 |
| Local Assistance | 17,690 | 17,504 | 16,682 | 16,682 | 33,364 |
| **Total** | **17,761** | **17,504** | **16,682** | **16,682** | **33,364** |

**Activity at a Glance**

- Provides prevention services to more than 29,500 youth each year.
- Provides intervention and case management services to 1,800 pregnant women and women with children annually.
- Provides intervention and case management services, including treatment supports and recovery maintenance, to an additional 7,000 individuals in special populations each year.
- Provides training for 2,700 chemical dependency professionals annually.

## Activity Description

Chemical Dependency (CD) Non-Entitlement Grants pays for statewide prevention, intervention, treatment support, recovery maintenance, and case management services, including culturally appropriate services and support. A combination of state and federal dollars supports this activity.

## Population Served

CD Non-Entitlement Grants serve

- people who receive prevention services with a focus on youth and families;
- individuals who receive intervention and case management services, including pregnant women, women with dependent children, and other special populations who receive intervention and case management services, and;
- chemical dependency treatment professionals and prevention specialists who receive training on best practices.

## Services Provided

State-funded non-entitlement grants support

- community drug and alcohol abuse prevention for American Indians and
- treatment support and recovery maintenance services for American Indians.

Federally-funded non-entitlement grants support

- community drug and alcohol abuse prevention for communities of color;
- women's treatment supports including subsidized housing, transportation, child care, parenting education, and case management;
- intervention and case management services, including treatment supports and recovery maintenance services for the following special populations: elderly, disabled, individuals with dual diagnoses of mental illness and chemical dependency, individuals experiencing chronic homelessness, and people involved in the criminal justice system;
- a statewide prevention resource center that provides alcohol and other drug abuse education, information, and training to Minnesota counties, tribes, local communities, and organizations, and;
- annual inspection of tobacco retailers and law enforcement agency survey to measure the degree of compliance with state laws prohibiting the sale of tobacco products to youth.

Beginning in 2006, statewide prevention activities are delivered through a seven-region prevention system. Regional prevention coordinators in each region are responsible for assessing community needs and readiness for prevention activities. They are assisting the state in planning and implementing evidence-based prevention programs to reduce substance abuse and related problems through training, technical assistance, and coalition building.

Non-entitlement funds also support the dissemination of approximately 550,000 pieces of prevention material, over 300,000 Web hits to a contracted site on alcohol, tobacco, and other drug abuse prevention, 31,500 requests for information handled by prevention resource centers, over 1,200 pieces of alcohol, tobacco, and other drug prevention material translated into Spanish, Hmong, Lao, and Somali, and over 200 public service announcements developed and disseminated to over 2,000 outlets.

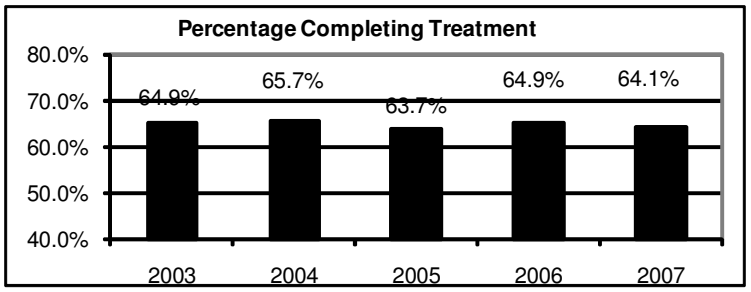
## Historical Perspective

Over the last decade, as research studies indicated that the prevalence of substance abuse was higher for certain populations or that some groups did not succeed in chemical dependency treatment at the same rate as the general population, specific improvement efforts were established. These efforts were designed to build prevention strategies and treatment support services that focus on the unique strengths and needs of these various populations. The need for these specialized models of prevention and treatment has grown as counties and tribes recognize the role substance abuse plays in difficult Temporary Assistance to Needy Families and Child Welfare cases.

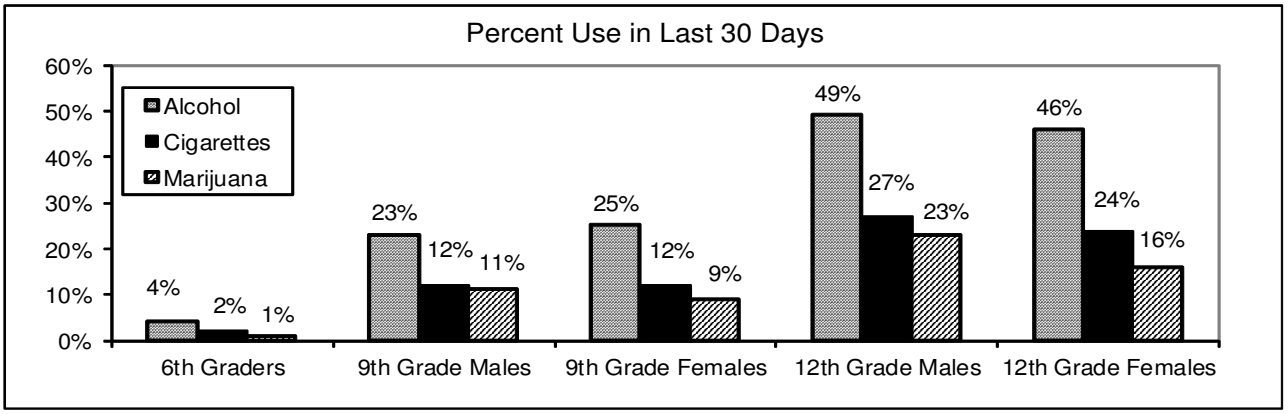
The CD Non-Entitlement Grants budget activity had historically funded Tier II and Tier III of the Consolidated Chemical Dependency Treatment Fund (CCDTF), providing treatment services for low-income individuals not eligible for entitlement-based treatment. Both Tier II and Tier III had operated on a sliding fee scale. The statutory authority for these tiers remains, but Tier II was last funded in 2003, and Tier III was last funded in 1990.

## Key Program Goals and Measures

- ***Develop effective and accountable chemical health systems.*** The Department of Human Services (DHS) is implementing steps to support research-informed practices in chemical dependency treatment and prevention, systematically monitor outcomes, and integrate chemical, mental, and physical health services. This goal is from the Department of Human Services' *Priority Plans*, which is available on the web: http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG.
  - ***Percentage of clients completing chemical dependency treatment.*** Treatment completion has been found to be a strong indicator of continued sobriety after treatment. The Minnesota Department of Human Services Drug and Alcohol Abuse Normative Evaluation System (DAANES) collects a number of data elements from all chemical dependency programs regardless of the admission's funding source. Below are completion results of all statewide treatment admissions in CY 2003-09:




  - ***Percentage of youth using alcohol, marijuana, and tobacco in the past 30 days.*** The Minnesota Student Survey is conducted every three years and was last administered in the spring of 2007 to public school students in Grades 6, 9, and 12. Of the 338 public operating districts, 309 (91%) agreed to participate. Student participation was voluntary and the survey was administered anonymously. Across the state, approximately 81% of public school sixth graders, 76% of public school ninth graders, and 58% of public school twelfth graders participated in the 2007 Minnesota Student Survey. Overall participation across the three grades was approximately 72%. Below are the results of the survey:




For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Chemical Dependency Non-Entitlement Grants is funded with appropriations from the General Fund and from federal funds.

## Contact

For more information on Chemical Dependency Non-Entitlement Grants, contact the Chemical Health Division, (651) 431-2460.

Information on DHS programs is available on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: GRANT PROGRAMS
Activity: CD NON-ENTITLEMENT GRANTS

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 1,725 | 1,336 | 1,336 | 1,336 | 2,672 |
| Subtotal - Forecast Base | 1,725 | 1,336 | 1,336 | 1,336 | 2,672 |
| **Total** | **1,725** | **1,336** | **1,336** | **1,336** | **2,672** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 1,378 | 1,336 | 1,336 | 1,336 | 2,672 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 1,804 | 1,412 | 1,400 | 1,400 | 2,800 |
| Federal | 14,013 | 19,023 | 14,436 | 14,435 | 28,871 |
| **Total** | **17,195** | **21,771** | **17,172** | **17,171** | **34,343** |
| ***Expenditures by Category*** | | | | | |
| Other Operating Expenses | 423 | 121 | 131 | 130 | 261 |
| Payments To Individuals | 1,643 | 1,400 | 1,400 | 1,400 | 2,800 |
| Local Assistance | 15,129 | 20,250 | 15,641 | 15,641 | 31,282 |
| **Total** | **17,195** | **21,771** | **17,172** | **17,171** | **34,343** |

## Program Description

The purpose of the State Operated Services (SOS) program is to provide direct care treatment and support services to persons with mental illness, chemical addiction, and neurocognitive disabilities. Services for these individuals are provided by the department at a variety of community and campus-based programs and residences located throughout Minnesota.

State Operated Services also provides treatment services to persons committed by the courts as mentally ill and dangerous as a set of forensic services based in St. Peter.

Laws of Minnesota 2010, First Special Session, Chapter 1, Article 19, Section 4, directs the Chemical and Mental Health Services (CMHS) Transformation Advisory Task Force to make recommendations to the commissioner of human services and the legislature on the continuum of services needed to provide individuals with complex conditions including mental illness, chemical dependency, traumatic brain injury, and developmental disabilities access to quality care and the appropriate level of care across the state to promote wellness, reduce cost, and improve efficiency. The work of this task force is to be completed by 12-15-10.

## Budget Activities

- SOS Mental Health
- Enterprise Services
- Minnesota Security Hospital

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 106,510 | 193,236 | 193,236 | 193,236 | 386,472 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | 2,500 | 2,500 | 5,000 |
| Current Law Base Change | | | (8,198) | (8,306) | (16,504) |
| Subtotal - Forecast Base | 106,510 | 193,236 | 187,538 | 187,430 | 374,968 |
| **Governor's Recommendations** | | | | | |
| Reduce SOS Mental Health Services | | 0 | (2,670) | (2,713) | (5,383) |
| **Total** | **106,510** | **193,236** | **184,868** | **184,717** | **369,585** |
| **Federal Stimulus** | | | | | |
| Current Appropriation | 83,515 | 0 | 0 | 0 | 0 |
| Subtotal - Forecast Base | 83,515 | 0 | 0 | 0 | 0 |
| **Total** | **83,515** | **0** | **0** | **0** | **0** |

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 96,799 | 198,026 | 184,868 | 184,717 | 369,585 |
| Federal Stimulus | 83,504 | 1 | 0 | 0 | 0 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 15,689 | 15,818 | 15,461 | 15,212 | 30,673 |
| Miscellaneous Agency | 1,705 | 1,650 | 1,650 | 1,650 | 3,300 |
| Gift | 4 | 13 | 10 | 8 | 18 |
| Revenue Based State Oper Serv | 79,804 | 79,826 | 79,826 | 79,826 | 159,652 |
| Mn Neurorehab Hospital Brainer | 7,267 | 2,073 | 2,073 | 2,073 | 4,146 |
| Dhs Chemical Dependency Servs | 20,379 | 20,256 | 20,256 | 20,256 | 40,512 |
| **Total** | **305,151** | **317,663** | **304,144** | **303,742** | **607,886** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 253,758 | 254,130 | 248,090 | 247,846 | 495,936 |
| Other Operating Expenses | 47,365 | 60,061 | 47,875 | 47,717 | 95,592 |
| Capital Outlay & Real Property | 111 | 8 | 8 | 8 | 16 |
| Payments To Individuals | 3,492 | 3,464 | 3,360 | 3,360 | 6,720 |
| Other Financial Transactions | 425 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 4,811 | 4,811 | 9,622 |
| **Total** | **305,151** | **317,663** | **304,144** | **303,742** | **607,886** |
| ***Expenditures by Activity*** | | | | | |
| Sos Mental Health | 112,096 | 143,908 | 130,536 | 130,134 | 260,670 |
| Enterprise Services | 107,453 | 102,172 | 102,163 | 102,163 | 204,326 |
| Minnesota Security Hospital | 85,602 | 71,583 | 71,445 | 71,445 | 142,890 |
| **Total** | **305,151** | **317,663** | **304,144** | **303,742** | **607,886** |
| ***Full-Time Equivalents (FTE)*** | **3,491.6** | **3,413.8** | **3,344.3** | **3,293.0** | |

**Activity at a Glance**

- State Operated Services Mental Health provided inpatient and residential services to approximately 2,900 people in FY 2010.
- Approximately 3,700 episodes of service were provided to persons in these programs.
- The service sites ended FY 2010 with an average daily population of 261.

## Activity Description

State Operated Services' (SOS) Mental Health services provide specialized treatment and related supports for persons with serious mental illness (SMI), emotional disturbances, and co-occurring neurocognitive disabilities. These services are provided in an array of facilities including psychiatric hospitals, intensive residential treatment services (IRTS), and a variety of other service settings.

## Population Served

SOS Mental Health provides treatment to youth and adults with emotional disturbances, serious mental illness, and co-occurring neurocognitive disabilities.

## Services Provided

SOS Mental Health includes services delivered at psychiatric hospitals, intensive residential treatment services (IRTS), and a variety of other service settings. Each client receives: an assessment of their mental, social, and physical health by a variety of medical professionals; an individual treatment plan, including medication management and 24-hour nursing care; and individualized discharge planning for transitioning back to an appropriate setting in the community. Service sites are located throughout the state. Existing settings include hospitals in Alexandria, Annandale, Anoka, Baxter, Bemidji, Fergus Falls, Rochester, St. Peter, and Willmar. Other service settings are located in Brainerd, Cambridge, St. Paul, Wadena, and Willmar.

Additional services are also provided in partnership with county social service agencies and mental health providers:

- *Adult Rehabilitative Mental Health Services (ARMHS):* These services instruct, assist, and support individuals in such areas as relapse prevention, transportation, illness management, and life skills.
- *Assertive Community Treatment (ACT) Teams:* These teams which provide intensive, around-the-clock supports to persons with serious mental illness in their homes, at work, and elsewhere in the community. Multidisciplinary treatment teams help stabilize an individual, allowing the individual to avoid entering a treatment facility.
- *Crisis Response:* This service provides mobile crisis teams to short-term crisis stabilization beds to assist those individuals experiencing a crisis and requiring specialized treatment.

## Historical Perspective

Minnesota's policy for serving people with disabilities has emphasized a broad array of community-based treatment and support options enabling people to access the most appropriate care as close to their home community and natural support system as possible. This policy direction has resulted in the reduction in the care provided in large institutions and creation of community-based services. Services developed in the community include ARMHS, ACT, and Crisis Response services.

## Key Activity Goals & Measures

- ***Develop effective and accountable mental health and chemical health systems.*** SOS Mental Health services operated by DHS help to ensure the health of Minnesotans and to ensure that our communities will be safe. Providing services through community-based alternatives, such as ARMHS, ACT, Crisis Response, and residential and hospital-level of care, ensures that services are focused on clients. These services are part of an effective and accountable mental health system. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG)
  - ***Percentage of patients readmitted to a state-operated psychiatric hospital compared with the national average.*** This measure is under development. It will provide an indication of the community-based service system's ability to support youth and adults with emotional disturbances, serious mental illness, and neurocognitive disabilities in independent community settings.
  - ***Average length of stay for adults with serious mental illness (SMI) in an acute care or intensive residential treatment setting.*** This measure is under development. The average length of stay will provide an indication of the community-based service system's ability to support adults with SMI in independent community living.

  For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

This activity is funded by appropriations from the General Fund.

## Contact

For more information on State Operated Services, contact State Operated Services Support, (651) 431-3676.
Information on DHS programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: STATE OPERATED SERVICES
Activity: SOS MENTAL HEALTH

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 106,280 | 109,501 | 109,501 | 109,501 | 219,002 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | 16,653 | 16,653 | 33,306 |
| Current Law Base Change | | | (8,198) | (8,306) | (16,504) |
| Subtotal - Forecast Base | 106,280 | 109,501 | 117,956 | 117,848 | 235,804 |
| **Governor's Recommendations** | | | | | |
| Reduce SOS Mental Health Services | | 0 | (2,670) | (2,713) | (5,383) |
| **Total** | **106,280** | **109,501** | **115,286** | **115,135** | **230,421** |
| **Federal Stimulus** | | | | | |
| Current Appropriation | 6,850 | 0 | 0 | 0 | 0 |
| Subtotal - Forecast Base | 6,850 | 0 | 0 | 0 | 0 |
| **Total** | **6,850** | **0** | **0** | **0** | **0** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 89,855 | 128,308 | 115,286 | 115,135 | 230,421 |
| Federal Stimulus | 6,850 | 0 | 0 | 0 | 0 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 15,000 | 15,145 | 14,798 | 14,549 | 29,347 |
| Miscellaneous Agency | 390 | 450 | 450 | 450 | 900 |
| Gift | 1 | 5 | 2 | 0 | 2 |
| **Total** | **112,096** | **143,908** | **130,536** | **130,134** | **260,670** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 96,430 | 113,734 | 107,695 | 107,451 | 215,146 |
| Other Operating Expenses | 15,214 | 29,586 | 17,546 | 17,388 | 34,934 |
| Capital Outlay & Real Property | 17 | 0 | 0 | 0 | 0 |
| Payments To Individuals | 424 | 588 | 484 | 484 | 968 |
| Other Financial Transactions | 11 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 4,811 | 4,811 | 9,622 |
| **Total** | **112,096** | **143,908** | **130,536** | **130,134** | **260,670** |
| ***Full-Time Equivalents (FTE)*** | **1,154.8** | **1,279.0** | **1,241.5** | **1,222.3** | |

## Activity at a Glance

In FY 2010

- Provided treatment to 2,250 persons with chemical dependency;
- Provided foster care services to 40 children and adolescents with emotional disturbances and serious acting out behaviors;
- Provided services to 780 people in community residential sites; and
- Provided day treatment and habilitation to 890 people with developmental disabilities.

## Activity Description

State Operated Services' (SOS) Enterprise Services operates in the marketplace with other providers, funded solely through revenues collected from third-party payment sources. As such, these services do not rely on a state appropriation for funding. Enterprise Services are delivered by state employees and focus on providing treatment and residential care for adults and children with chemical dependency, behavioral health issues, and developmental disabilities.

## Population Served

Enterprise Services programs serve

- people with chemical abuse or dependency problems;
- children and adolescents with severe emotional disturbances and serious acting out behaviors; and
- people who are developmentally disabled (DD).

## Services Provided

Enterprise Services includes a variety of programs:

- Chemical Addiction Recovery Enterprise (C.A.R.E.) programs provide inpatient and outpatient treatment to persons with chemical dependency and substance abuse problems. Programs are operated in Anoka, Brainerd, Carlton, Fergus Falls, St. Peter, and Willmar.
- Child and Adolescent Behavioral Health Services (CABHS) provides an array of foster care services to children or adolescents who have severe emotional disturbances and serious acting out behaviors. Child and Adolescent Behavioral Health Services provides these services at sites statewide and the treatment structure of the foster care home is based on a combination of evidence-based models, including the multidimensional treatment foster care model, wrap-around services model, and, where appropriate, dialectical behavioral therapy.
- State Operated Services community-based residential services for people with disabilities typically are provided in four-bed group homes. Individual service agreements are negotiated with the counties for each client based on his/her needs. Clients take advantage of and are integrated into the daily flow of their community.
- Day Training and Habilitation (DT&H) programs provide vocational support services to people with disabilities and include evaluation, training, and supported employment. Individual service agreements are negotiated for each client.

## Historical Perspective

Changes in the funding structure for chemical dependency treatment moved State Operated Services chemical dependency programs into enterprise services in 1988. In 1999, the legislature adopted statutory language that allowed State Operated Services to establish other enterprise services. These services are defined as the range of services, which are delivered by state employees, needed by people with disabilities. These services are fully funded by public or private third-party health insurance or other revenue sources. State Operated Services specializes in providing these services to vulnerable people for whom no other providers are available or for whom State Operated Services may be the provider selected by the payer. As such, these services fill a need in the continuum of services for vulnerable people with disabilities by providing services not otherwise available.

## Key Activity Goals & Measures

- ***Our communities will be safe, friendly, and caring.*** This goal is from *Minnesota Milestones* (http://server.admin.state.mn.us/mm/goal.html).
- ***Develop effective and accountable mental health and chemical health systems.*** This goal is from the Department of Human Services' *Priority Plans (*http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).

Enterprise Services, operated by the Department of Human Services, help to ensure the health of Minnesotans and to ensure that our communities will be safe. These services are focused on providing high quality client care.

- ***Percent of people civilly committed to enterprise programs versus those who voluntarily received services in these programs.*** Enterprise services were developed to meet the needs of underserved areas of the state and/or populations that other community providers have refused to serve. This measure will indicate the number of individuals who could have been served by community providers if there were willing providers available.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

Enterprise Services operates without a state appropriation and is supported solely through collections from third party payment sources including

- commercial and private insurance;
- publicly funded payers (such as counties, Medical Assistance, Medicare, or the Consolidated Chemical Dependency Treatment Fund); and
- individual or self-pay.

## Contact

For more information on Enterprise Services contact State Operated Services Support, (651) 431-3676.

Information on Department of Human Services programs is on the department's website: http://www.dhs.state.mn.us.

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Fund*** | | | | | |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 0 | 9 | 0 | 0 | 0 |
| Gift | 3 | 8 | 8 | 8 | 16 |
| Revenue Based State Oper Serv | 79,804 | 79,826 | 79,826 | 79,826 | 159,652 |
| Mn Neurorehab Hospital Brainer | 7,267 | 2,073 | 2,073 | 2,073 | 4,146 |
| Dhs Chemical Dependency Servs | 20,379 | 20,256 | 20,256 | 20,256 | 40,512 |
| **Total** | **107,453** | **102,172** | **102,163** | **102,163** | **204,326** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 86,781 | 82,211 | 82,211 | 82,211 | 164,422 |
| Other Operating Expenses | 19,329 | 19,021 | 19,012 | 19,012 | 38,024 |
| Capital Outlay & Real Property | 8 | 8 | 8 | 8 | 16 |
| Payments To Individuals | 921 | 932 | 932 | 932 | 1,864 |
| Other Financial Transactions | 414 | 0 | 0 | 0 | 0 |
| **Total** | **107,453** | **102,172** | **102,163** | **102,163** | **204,326** |
| ***Full-Time Equivalents (FTE)*** | **1,427.6** | **1,354.6** | **1,334.3** | **1,313.9** | |

**Activity at a Glance**

In 2010:
- Minnesota Security Hospital programs provided services to 238 individuals in the secure setting.
- The Forensics Treat to Competency programs provided services to 141 individuals.
- Transition Programs provided services to an additional 159 individuals.
- The Forensics Nursing Home served 20 individuals.

## Activity Description

The Minnesota Security Hospital (MSH) and the Forensics Nursing Home are operated by State Operated Services (SOS). These programs provide specialized treatment and related supports for persons committed by the courts.

## Population Served

This budget activity serves:
- persons who are committed as mentally ill and dangerous (MI&D);
- persons who have received a court-ordered evaluation of their competency, or court-ordered treatment to restore competency prior to standing trial for an offense; and
- people in need of nursing home level of care who have been committed as mentally ill and dangerous, sexual psychopathic personality (SPP), a sexually dangerous person (SDP), or those who are on medical release from the Minnesota Department of Corrections (DOC).

## Services Provided

Services for those committed by the courts as mentally ill and dangerous are provided at the Minnesota Security Hospital (MSH) in St. Peter. The Minnesota Security Hospital is a secure treatment facility that provides multi-disciplinary treatment serving adults and adolescents from throughout the state, who are admitted pursuant to judicial or other lawful orders, for assessment and/or treatment of acute and chronic major mental disorders. The Minnesota Security Hospital also provides comprehensive, court-ordered forensic evaluations; including competency to stand trial and pre-sentence mental health evaluations. The Minnesota Security Hospital operates a transition program that provides a supervised residential setting offering social rehabilitation treatment to increase self-sufficiency and build the skills necessary for a safe return to the community.

In addition, the Minnesota Security Hospital operates a forensic nursing home which provides services to those individuals who are in need of nursing home level of care and are committed as mentally ill and dangerous, sexual psychopathic personality (SPP), a sexually dangerous person (SDP), or those on medical release from the DOC.

## Historical Perspective

For several years, the services provided by the MSH saw significant population growth. Efforts continue to enhance treatment methods and security, to create operational efficiencies, and to ensure that cost effective services are provided.

## Key Activity Goals & Measures

- ***Develop effective and accountable mental health and chemical health systems.*** The services provided by MSH help ensure the health of Minnesotans and that our communities will be safe. These services are part of an effective and accountable mental health system. This goal is from the Department of Human Services' *Priority Plans* (http://edocs.dhs.state.mn.us/lfserver/Legacy/DHS-4694-ENG).
  - Percent of patients who are qualified for community-based treatment and supervision and are receiving community-based treatment and supervision. SOS continues to develop community-based treatment options for patients who no longer need the level of security and supervision in the Minnesota Security Hospital programs. This measure is under development.

For more information on DHS performance measures, see http://www.accountability.state.mn.us/Departments/HumanServices/index.htm.

## Activity Funding

The MSH programs are funded by appropriations from the General Fund. For FY 2010 only, the legislature appropriated federal American Recovery and Reinvestment Act (ARRA) funds in place of general fund dollars for a portion of the programs' funding.

## Contact

For more information on State Operated Services, contact (651) 431-3676.
Information on Department of Human Services programs is on the department's website: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT
## Program: STATE OPERATED SERVICES
Activity: MINNESOTA SECURITY HOSPITAL

Budget Activity Summary

*Dollars in Thousands*

| | Current | | Governor's Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 230 | 83,735 | 83,735 | 83,735 | 167,470 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | (14,153) | (14,153) | (28,306) |
| Subtotal - Forecast Base | 230 | 83,735 | 69,582 | 69,582 | 139,164 |
| **Total** | **230** | **83,735** | **69,582** | **69,582** | **139,164** |
| **Federal Stimulus** | | | | | |
| Current Appropriation | 76,665 | 0 | 0 | 0 | 0 |
| Subtotal - Forecast Base | 76,665 | 0 | 0 | 0 | 0 |
| **Total** | **76,665** | **0** | **0** | **0** | **0** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 6,944 | 69,718 | 69,582 | 69,582 | 139,164 |
| Federal Stimulus | 76,654 | 1 | 0 | 0 | 0 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 689 | 664 | 663 | 663 | 1,326 |
| Miscellaneous Agency | 1,315 | 1,200 | 1,200 | 1,200 | 2,400 |
| **Total** | **85,602** | **71,583** | **71,445** | **71,445** | **142,890** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 70,547 | 58,185 | 58,184 | 58,184 | 116,368 |
| Other Operating Expenses | 12,822 | 11,454 | 11,317 | 11,317 | 22,634 |
| Capital Outlay & Real Property | 86 | 0 | 0 | 0 | 0 |
| Payments To Individuals | 2,147 | 1,944 | 1,944 | 1,944 | 3,888 |
| **Total** | **85,602** | **71,583** | **71,445** | **71,445** | **142,890** |
| ***Full-Time Equivalents (FTE)*** | **909.2** | **780.2** | **768.5** | **756.8** | |

**Program at a Glance**

- The Minnesota Sex Offender Program (MSOP) provides services to individuals who have completed their prison sentences and are civilly committed by the courts and have been placed in sex offender treatment.
- MSOP is one program with two locations, St. Peter and Moose Lake.
- At the end of FY 2010, the Minnesota Sex Offender Program had a census of 575 clients in MSOP programming.
- MSOP has a biennial budget of $135 million.

## Program Description

DHS operates the Minnesota Sex Offender Program (MSOP) to provide services to individuals who have been court-ordered to receive sex offender treatment. MSOP clients have completed their prison sentences and are civilly committed by the courts and placed in sex offender treatment for an indeterminate period of time. A civil court may commit a person for sex offender treatment if a judge determines that the individual is a "sexual psychopathic personality" (SPP), a "sexually dangerous person" (SDP), or both.

Within DHS, the Minnesota Sex Offender Program was separated from the administration of State Operated Services in 2008. MSOP operates independently from State Operated Services and provides specialized treatment in a secure treatment setting for those individuals committed as a sexual psychopathic personality or as a sexually dangerous person.

MSOP is one program with two locations, Moose Lake and St. Peter. As of 7-1-10, MSOP was providing treatment for 575 clients across both sites. Seventeen of the 575 clients are on judicial holds pending civil commitment. Fifty-six others are residing in the Department of Corrections (those individuals are dually committed to MSOP and are serving a criminal sentence). Most clients begin treatment at the MSOP Moose Lake facility and, after successfully completing the first two phases of treatment, are transferred to the St. Peter facility to complete treatment and begin working toward provisional discharge.

## Population Served

The MSOP serves persons who have been committed as "sexual psychopathic personality" (SPP), a "sexually dangerous person" (SDP), or both. The majority of persons committed to this program have been referred by the Department of Corrections, upon completion of their criminal sentences, to individual counties for consideration of civil commitment.

## Services Provided

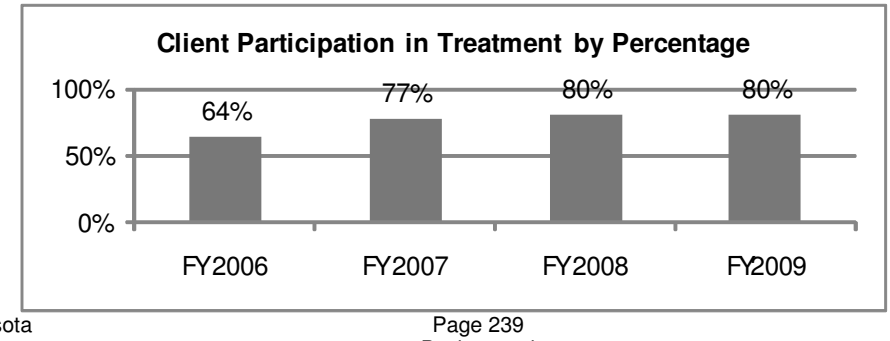
Once individuals are civilly committed, they are provided an opportunity to participate in residential sex offender treatment. The treatment is based on cognitive-behavioral techniques and includes strategies to prevent individual sex offenders from relapsing. Consistent with the Risk/Needs/Responsivity model of treatment, clients are individually assessed and placed in programming based upon clinical needs and willingness to participate in treatment. Clients acquire skills through active participation in group therapy and are provided opportunities to demonstrate meaningful change through participation in rehabilitative services, including education classes, therapeutic recreational activities, and vocational work program assignments. MSOP staff observes and monitors clients not only in treatment groups, but also in all aspects of daily living.

## Historical Perspective

Over the past several years, MSOP has experienced significant population growth, undergone extensive modifications in the treatment program, implemented efficiencies in administration and fiscal practices, and enhanced security procedures. Efforts continue to enhance treatment methods, increase safely/security, and create operational efficiencies to assure that cost effective services are provided.

## Key Program Goals & Measures

- ***MSOP will provide a therapeutic environment.*** This goal is from the Minnesota Sex Offender Program. Sex offender treatment involves vocational work opportunities, education, therapeutic recreation, and treatment.
- To assess this goal, 80% of population involved in sex offender treatment.



Assessment measures and targets are currently being developed to asses similar participation trends in vocational, educational, and therapeutic recreational programming. These tools will be used to report on these data in the Annual Performance Report to the legislature, completed on the previous calendar in January of each year.

## Program Funding

The MSOP has been historically funded by appropriations from the General Fund. For FY 2010 only, the legislature appropriated federal American Recovery and Reinvestment Act (ARRA) funds in place of General Fund dollars for a portion of the program's funding.

## Contact

For more information on the Minnesota Sex Offender Program, contact the program at (651) 431-5877.
Information on this DHS program is also on the department's website: http://www.dhs.state.mn.us/msop.

# HUMAN SERVICES DEPT

## Program: SEX OFFENDER PROGRAM

Program Summary

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **General** | | | | | |
| Current Appropriation | 38,348 | 67,358 | 67,358 | 67,358 | 134,716 |
| **Technical Adjustments** | | | | | |
| Approved Transfer Between Appr | | | 67 | 67 | 134 |
| Current Law Base Change | | | (273) | (274) | (547) |
| Transfers Between Agencies | | | 418 | 419 | 837 |
| Subtotal - Forecast Base | 38,348 | 67,358 | 67,570 | 67,570 | 135,140 |
| **Governor's Recommendations** | | | | | |
| Mn Sex Offender Program Growth | | 0 | 2,846 | 5,842 | 8,688 |
| **Total** | **38,348** | **67,358** | **70,416** | **73,412** | **143,828** |
| **Federal Stimulus** | | | | | |
| Current Appropriation | 26,495 | 0 | 0 | 0 | 0 |
| Subtotal - Forecast Base | 26,495 | 0 | 0 | 0 | 0 |
| **Total** | **26,495** | **0** | **0** | **0** | **0** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| General | 31,952 | 70,165 | 70,416 | 73,412 | 143,828 |
| Federal Stimulus | 26,495 | 0 | 0 | 0 | 0 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Agency | 1,793 | 1,500 | 1,500 | 1,500 | 3,000 |
| Materials Distribution | 651 | 750 | 750 | 750 | 1,500 |
| **Total** | **60,891** | **72,415** | **72,666** | **75,662** | **148,328** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 48,546 | 52,587 | 52,587 | 52,587 | 105,174 |
| Other Operating Expenses | 10,277 | 18,072 | 16,569 | 19,565 | 36,134 |
| Capital Outlay & Real Property | 44 | 0 | 0 | 0 | 0 |
| Payments To Individuals | 2,024 | 1,756 | 1,756 | 1,756 | 3,512 |
| Transfers | 0 | 0 | 1,754 | 1,754 | 3,508 |
| **Total** | **60,891** | **72,415** | **72,666** | **75,662** | **148,328** |
| ***Expenditures by Activity*** | | | | | |
| Sex Offender Program | 60,891 | 72,415 | 72,666 | 75,662 | 148,328 |
| **Total** | **60,891** | **72,415** | **72,666** | **75,662** | **148,328** |
| ***Full-Time Equivalents (FTE)*** | **754.3** | **754.3** | **771.0** | **759.7** | |

**Program at a Glance**

**The Fiduciary Activities program** includes expenditures accounted for in the State's fiduciary fund group. For DHS, the bulk of these expenditures are attributable to the payment of child support collections to custodial parents.

## Program Description

The Fiduciary Activities program includes expenditures accounted for in the state's fiduciary fund group. By definition, the fiduciary fund group is used to account for assets held in trust by the government for the benefit of individuals or other. Accordingly, the fiduciary fund group is excluded from the state's budgetary fund balance presentation.

For DHS, the bulk of these expenditures are attributable to the payment of child support collections to custodial parents.

Listed below are the specific types of expenditures included in DHS' Fiduciary Activities budget program:

- Child Support Payments: Payments made to custodial parents from funds collected by the state from the non-custodial parent.
- MAXIS Off-Line Recoveries: Funds recovered by the state and money received from counties that cannot be receipted in MAXIS. The funds are held here until DHS can determine what program is to be credited and to whom payment should be made. Payments are made to: U.S. Treasury for federal shares, counties for incentives, clients for returned money or their balance of interim assistance recoveries, providers for Supplemental Security Income (SSI) services, or the state for any state share.
- Long Term Care Civil Penalties: Monies collected by the federal Centers for Medicare and Medicaid Services (CMS) from nursing homes that are assessed penalties for non-compliance. The portion given to states is to be utilized solely for approved projects that specifically address nursing home deficiencies.

By isolating these expenditures in this budget program, the other DHS budget activities are not distorted. The expenditures and the associated accounting processes reflected by this budget program are supported administratively by the budget activities within the Central Office Operations budget program.

## Contact

For more information about the Fiduciary Activities program, please contact the DHS Financial Operations Division at 651-431-3725.

Information about the Department of Human Services programs is on the department's Web site: http://www.dhs.state.mn.us

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Expenditures by Fund*** | | | | | |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Agency | 641,288 | 659,989 | 660,494 | 661,129 | 1,321,623 |
| **Total** | **641,288** | **659,989** | **660,494** | **661,129** | **1,321,623** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 16 | 0 | 0 | 0 | 0 |
| Other Operating Expenses | 1,581 | 6,369 | 4,427 | 4,427 | 8,854 |
| Payments To Individuals | 53 | 75 | 75 | 75 | 150 |
| Local Assistance | 193 | 839 | 839 | 839 | 1,678 |
| Other Financial Transactions | 639,445 | 652,706 | 655,153 | 655,788 | 1,310,941 |
| **Total** | **641,288** | **659,989** | **660,494** | **661,129** | **1,321,623** |
| ***Expenditures by Activity*** | | | | | |
| Fiduciary Activities | 641,288 | 659,989 | 660,494 | 661,129 | 1,321,623 |
| **Total** | **641,288** | **659,989** | **660,494** | **661,129** | **1,321,623** |

**Program at a Glance**

The **Technical Activities budget program** includes inter-fund and pass-through expenditures. These expenditures are the result of accounting technicalities.

## Program Description

The Technical Activities budget program includes inter-fund and pass-through expenditures that occur as the result of accounting technicalities.

Listed below are the specific types of the inter-fund and pass-through expenditures included in the Technical Activities budget program.

- Federal administrative reimbursement earned by and paid to counties, tribes and other local agencies.
- Federal administrative reimbursement earned by and paid to other state agencies.
- Administrative reimbursement (primarily federal funds) earned on statewide indirect costs and paid to the General Fund.
- Administrative reimbursement (primarily federal funds) earned on DHS central office administrative costs and paid to either the General Fund or Special Revenue Fund, as prescribed by state law and policy.
- Federal reimbursement earned on program expenditures and paid to the General Fund as prescribed by state policy and law.
- Transfers between federal grants, programs and state agencies that are accounted for as expenditures in the state's accounting system.
- Other technical accounting transactions.

By isolating these expenditures in this budget program, the other budget activities are not distorted. The expenditures and the associated accounting processes reflected by the Technical Activities budget program are supported administratively by the Finance & Management budget activity within the Central Office Operations budget program.

## Contact

For more information about the Technical Activities budget program, please contact the DHS Financial Operations Division at 651-431-3725.

Information about the Department of Human Services programs is on the department's Web site: http://www.dhs.state.mn.us.

# HUMAN SERVICES DEPT

## Program: TECHNICAL ACTIVITIES

Program Summary

*Dollars in Thousands*

| | Current | | Governor Recomm. | | Biennium |
|---|---|---|---|---|---|
| | FY2010 | FY2011 | FY2012 | FY2013 | 2012-13 |
| ***Direct Appropriations by Fund*** | | | | | |
| **Federal Tanf** | | | | | |
| Current Appropriation | 76,727 | 88,590 | 88,590 | 88,590 | 177,180 |
| **Technical Adjustments** | | | | | |
| Current Law Base Change | | | (21,375) | (21,080) | (42,455) |
| November Forecast Adjustment | | (478) | (410) | (373) | (783) |
| Subtotal - Forecast Base | 76,727 | 88,112 | 66,805 | 67,137 | 133,942 |
| **Governor's Recommendations** | | | | | |
| TANF Refinancing | | 0 | 14,020 | 14,020 | 28,040 |
| **Total** | **76,727** | **88,112** | **80,825** | **81,157** | **161,982** |
| ***Expenditures by Fund*** | | | | | |
| **Direct Appropriations** | | | | | |
| Federal Tanf | 58,403 | 88,112 | 80,825 | 81,157 | 161,982 |
| **Statutory Appropriations** | | | | | |
| Miscellaneous Special Revenue | 6,325 | 6,394 | 6,306 | 6,298 | 12,604 |
| Federal | 376,847 | 387,960 | 382,198 | 381,705 | 763,903 |
| Federal Stimulus | 29,469 | 4,896 | 2,834 | 2,834 | 5,668 |
| **Total** | **471,044** | **487,362** | **472,163** | **471,994** | **944,157** |
| ***Expenditures by Category*** | | | | | |
| Total Compensation | 17 | 17 | 17 | 17 | 34 |
| Other Operating Expenses | 120,237 | 131,769 | 130,400 | 130,399 | 260,799 |
| Payments To Individuals | 56 | 56 | 56 | 56 | 112 |
| Local Assistance | 346,234 | 350,920 | 337,990 | 337,822 | 675,812 |
| Other Financial Transactions | 4,500 | 4,600 | 3,700 | 3,700 | 7,400 |
| **Total** | **471,044** | **487,362** | **472,163** | **471,994** | **944,157** |
| ***Expenditures by Activity*** | | | | | |
| Technical Activities | 471,044 | 487,362 | 472,163 | 471,994 | 944,157 |
| **Total** | **471,044** | **487,362** | **472,163** | **471,994** | **944,157** |

| Support Services Grants BACT #41 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$8,685** | **$12,498** | **$8,715** | **$8,715** |
| MFIP Consolidated Support Services Grants | S35 | F162 | Consolidated funding allocated to counties and tribes to provide support services for MFIP/DWP participants including job search/skills, adult basic education, GED coaching, short-term training, English proficiency training, county programs to help with emergency needs and help accessing other services such as child care, medical and CD/Mental health services. (approx. served FY09 - 6,400 persons a month). See also Federal Funds. | 8,679 | 12,462 | 8,679 | 8,679 |
| Food Stamp Employment and Training (FSET) Service Grants | S35 | F500 | Grants to counties to provide employment services to Food Stamp participants to prepare for and accept employment. (approx. served FY09 – a monthly average of 300 persons) | 6 | 26 | 26 | 26 |
| CFS Injury Protection Program | S35 | F550 | Payments to medical providers for the treatment of injuries suffered by persons while participating in a county or tribal community work experience program. Two claims were paid in 2009. | 0 | 10 | 10 | 10 |
| **Federal TANF** | Required state match / MOE? Yes/No | | The federal Temporary Assistance for Needy Families (TANF) fund has maintenance of effort (MOE) requirement. The amount is set depending on whether or not the state TANF program meets federal work participation requirements. If a state does not meet the MOE requirement, federal funding is reduced the following year by the amount by which the state fell short of meeting the required MOE and the state is required to expend state funds to replace the reduction in federal funds. | **$116,692** | **$107,457** | **$104,611** | **$104,611** |
| MFIP Work Force U T01, F141 | N | Y | A pilot program in Stearns and Benton counties that provides short-term training for MFIP and DWP participants to develop employer-desired skills, with more advanced classes offered in partnership with local colleges. Evaluation Report available Feb. 2011. | 750 | 0 | 0 | 0 |
| Supported Work Grants T01, F142 | N | Y | Allocated to counties and tribes to provide a continuum of employment assistance to MFIP participants, including testing and assessment, supported worksite experience and job coaching. Approximately 3,000 participants in 2009. See also ARRA Supported Work Grants below. | 11,949 | 4,700 | 0 | 0 |

## Support Services Grants BACT #41, continued

| Grant / Activity | Required state match / MOE? Yes/No | | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| MFIP Integrated Service Projects T01, F143 | N | Y | Projects to deliver comprehensive services to MFIP families who receive cash assistance long-term, many of whom are at-risk for reaching the 60-month time limit. The 2009 Legislature eliminated funding for these grants beginning in SFY 2011. | 1,236 | 0 | 0 | 0 |
| MFIP Consolidated Support Services Grants T01, F640 | N | Y | See General Fund Explanation | 102,757 | 102,757 | 104,611 | 104,611 |
| **Federal TANF: ARRA** | Required state match / MOE? Yes/No | | TANF ARRA Funds were earned at 80% of increased expenditures over a base year. | **$8,917** | **$20,581** | **$5,914** | **$0** |
| ARRA TANF MFIP Consolidated Support Services H01, Z133 | N | N | Funding was used by counties to expand funding for the emergency assistance program which provides help with housing, utilities and other basic needs. | 7,917 | 12,481 | 0 | 0 |
| ARRA TANF Summer Youth Program H01, Z141 | N | N | Subsidized employment for low-income youth. Under a contract with the Minnesota Department of Employment and Economic Development, subsidized employment positions for 2,099 teens and older youth were developed. The program ran from June 1, 2010 through September 30, 2010. | 1,000 | 3,800 | 0 | 0 |
| ARRA Supported Work-Summer Food Program H01, Z142 | N | N | Allocated to counties and tribes to provide a continuum of employment assistance to MFIP participants. The Summer Food Program was coordinated by Hunger Solutions Minnesota under contract with the Department of Human Services and served 31,198 families. The purpose was to provide children greater access to nutritious food at food shelves. The program increased the amount of healthy foods available to food shelves during the summer and provided new funding to allow food shelves to increase their services to children. The program operated between July 1, 2010 and September 30, 2010. | 0 | 4,300 | 5,914 | 0 |
| **Statutory Appropriations** | | | | | | | |
| **Federal Fund** | Required state match / MOE? Yes/No | | | **$7** | **$34** | **$34** | **$34** |
| FSET - Services Grants Appr. F54:F576 | N | N | See General Fund - MN also received approx. $630,000 in FFY 2009 in 100% federal funds which are passed through to counties. Note: City of Minneapolis provides matching funds. | 7 | 34 | 34 | 34 |

## BSF Child Care Assistance Grants BACT #42

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$40,100** | **$37,592** | **$45,835** | **$44,835** |
| Basic Sliding Fee (BSF) Child Care Assistance Grants | S79 | B402 | BSF child care assistance grants provide financial subsidies to help low-income families pay for child care so that parents may pursue employment or education leading to employment. Funds purchase child care for 15,900 children in 9,100 families (2009). As of April 2010, 3,878 families were on the waiting list for BSF child care. | 40,100 | 37,592 | 44,835 | 44,835 |
| **Statutory Appropriations** | | | | | | | |
| **Federal Fund** | Required state match / MOE? Yes/No | | The Federal Child Care and Development Fund (CCDF) have both a match and MOE requirement. To access the maximum available federal funds, a state must meet both requirements. | **$40,538** | **$24,968** | **$48,239** | **$48,239** |
| Basic Sliding Fee (BSF) Child Care Assistance Grants:E22;B421 | Y | Y | See General Fund. | 40,538 | 24,968 | 48.239 | 48.239 |
| **Federal Fund: ARRA** | Required state match / MOE? Yes/No | | | **8,000** | **$0** | **$0** | **$0** |
| ARRA CCDF Child Care BSF H22, Z124 | N | N | See General Fund. | 8,000 | 0 | 0 | 0 |

## Child Care Development Grants BACT #43

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$1,437** | **$1,487** | **$1,487** | **$1,487** |
| Child Care Service Development Grants | S77 | B422 | Grants to child care resource and referral agencies to build and improve the capacity of the child care system for centers and family child care providers. Over 2,300 grants to family and center providers each year. See also federal fund. | 290 | 250 | 250 | 250 |
| Child Care Resource and Referral Grants | S77 | B423 | Grants to child care resource and referral agencies to support the child care infrastructure through information for parents, supports and training resources for providers, coordination of local services and data collection to inform community planning. Provide 27,000 referrals annually. Over 35,000 participants in training classes. | 867 | 757 | 757 | 757 |
| Migrant Child Care Grants | S77 | B425 | Provides grant funds to community based program for comprehensive child care services for migrant children throughout the state. Approximately 850 migrant children under 14 years of age served annually. | 20 | 170 | 170 | 170 |
| Child Care Facility Grants | S77 | B436 | Grants and forgivable loans to child care providers and centers in communities to improve child care or early education sites or to plan design and construct or expand sites to increase availability of child care and early education. | 163 | 163 | 163 | 163 |
| Child Care Integrity Grants | S77 | B471 | Grants to counties to support fraud prevention activities. | 97 | 147 | 147 | 147 |
| **Special Revenue Fund** | | | | **$733** | **$262** | **$0** | **$0** |
| MELF Quality Rating –Grant | R63 | C522 | Private funding from the MN Early Learning Foundation (MELF) to build and provide implementation support for the Parent Aware Quality Rating System, a pilot that rates child care and early learning programs and allows consumers to search for programs that help prepare young children for success in school. Issued over 300 Parent Aware ratings to early learning programs serving over 11,000 children in 2010. | 622 | 12 | 0 | 0 |
| MELF Minneapolis Expansion | R63 | C524 | Private funding from the MN Early Learning Foundation (MELF) to expand the Parent Aware Quality Rating System pilot to the City of Minneapolis. Issued over 300 Parent Aware ratings to early learning programs serving over 11,000 children in 2010. | 111 | 0 | 0 | 0 |
| Getting Ready Parent Aware | R96 | C516 | Private funding from the Greater Twin Cities United Way to provide supports to child care providers to prepare for the Parent Aware Quality Rating System in the Twin Cities metropolitan area. Over 45 child care providers served in 2010. | 0 | 250 | 0 | 0 |

| Child Care Development Grants BACT #43, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | | | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations, continued** | | | | | | | |
| **Federal Fund** | Required state match / MOE? Yes/No | | | **$7,494** | **$11,233** | **$9,016** | **$9,016** |
| CCDF - Resource and Referral Grants: Appr. E22;Allot B411 | Y | Y | Combines with general fund Child Care Resource & Referral grants to make grants to regional agencies to support the child care infrastructure through information for parents, supports and training resources for providers, coordination of local services and data collection to inform community planning. Provides 27,000 referrals annually. Over 35,000 participants in training classes. | 4,481 | 4,343 | 4,303 | 4,303 |
| CCDF- Infant & Toddler Grants E22, B416 | Y | Y | Grants to community based programs to build and sustain the child care capacity and improve quality of care for infants and toddlers. A portion is administered with general fund Child Care Service Development Grants. | 1,683 | 2,438 | 2,525 | 2,525 |
| FFN Evaluation E22, B418 | Y | Y | See Family Friends & Neighbors Grant Program below. | 64 | 0 | 0 | 0 |
| Migrant Grants CCDF – QRIS Grants E22, B429 | Y | Y | Grants to community based programs to continue a voluntary quality rating and improvement system pilot and provide statewide child care provider training, coaching, consultation and supports to prepare for the voluntary Minnesota quality rating system. A one-time appropriation directing CCDF-required targeted quality funds for quality expansion and infant/toddler for this purpose. See also MELF Quality Rating & Improvement System grant and MELF Minneapolis QRIS Expansion grant under Statutory Appropriations. 200 child care providers participating in Building Quality program in 2011. | 0 | 1,723 | 0 | 0 |
| CCDF FFN Grants E22, B430 | Y | Y | Grants to community based programs to support Family, Friend and Neighbor (FFN) caregivers in improving the school readiness of young children. A one-time appropriation directing CCDF-required targeted quality funds for quality expansion and infant/toddler for this purpose. Number served in 2010 include 1,465 children, 603 providers and 480 parents/other adults. | 0 | 375 | 0 | 0 |
| CCDF - Services Development Grants E22, B446 | Y | Y | Grants to child care resource and referral agencies to build and improve the capacity of the child care system. Over 2,300 grants to family and center providers each year. Administered with general fund Child Care Service Development Grants | 70 | 445 | 422 | 422 |

| Child Care Development Grants BACT #43, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | Required state match / MOE? Yes/No | | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations, continued** | | | | | | | |
| **Federal Fund, continued** | | | | | | | |
| CCDF - Community Partner Grants E22, B447 | Y | Y | Grants to community based programs to build and sustain the capacity of child care programs to improve children's readiness for school. 85 child care providers received accreditation facilitation supports. | 40 | 384 | 350 | 350 |
| CCDF - Mentorship & Training Grants E22, B449 | Y | Y | Grants to community based programs to support professional development of child care providers. | 1,156 | 1,525 | 1,416 | 1,416 |
| **Federal Fund: ARRA** | Required state match / MOE? Yes/No | | Funds required to be spent on child care quality activities | | | | |
| ARRA CCDF Infant & Toddler Grant H22, Z122 | N | N | ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for infants and toddlers, and support professional development of child care providers. A one-time appropriation directing ARRA CCDF-required infant/toddler targeted funds for this purpose. | 441 | 0 | 0 | 0 |
| ARRA CCDF Quality Expansion H22, Z130 | N | N | ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for all children, and support professional development of child care providers. A one-time appropriation directing ARRA CCDF-required targeted quality funds for this purpose. | 751 | 0 | 0 | 0 |
| ARRA CCDF Infant & Toddler Acceleration H22, Z135 | N | N | ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for infants and toddlers, and support professional development of child care providers. A one-time appropriation directing accelerated spending of SFY 2011 ARRA CCDF-required infant/toddler targeted funds for this purpose. | 808 | 0 | 0 | 0 |
| ARRA CCDF Quality Expansion Acceleration H22, Z136 | N | N | ARRA grants to community based programs to build and sustain the child care capacity and improve quality of care for all children, and support professional development of child care providers. A one-time appropriation directing accelerated spending of SFY 2011 ARRA CCDF-required quality targeted funds for this purpose. | 1,407 | 0 | 0 | 0 |

## Child Support Enforcement Grants BACT #44

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$300** | **$2,106** | **$3,405** | **$3,405** |
| Child Support Enforcement (CSE) County Grants | S37 | F202 | Counties receive performance-based incentives on a per-case basis for establishment, paternity and modification processes and on a per-person basis for medical insurance verification. These funds provide a portion of the administrative costs related to the implementation of the guidelines. | 42 | 2,106 | 3,355 | 3,355 |
| CSE Medical Provider Bonus | S37 | F209 | Incentive payments to hospitals for notarized paternity acknowledgement submitted to MDH. Approximately ninety hospitals participate. At a rate of $25 per ROP, this allotment pays incentives for 12,000 acknowledgements per year. This provision was repealed in the 2010 legislative session. | 258 | 0 | 0 | 0 |
| Transfer from S37 to R50 | S37 | T161 | GF transfer to ensure Child Support Payment Center recoupment account has sufficient funds. | 0 | 0 | 50 | 50 |
| **Statutory Appropriations** | | | | | | | |
| **Special Revenue Fund** | | | | **$1,562** | **$1,947** | **$1,490** | **$1,490** |
| CSE Payment Center Recoupment Account | R50 | F259 | Grants to individuals that temporarily fund NSF checks and other child support payment adjustments, which allow child support funds to be distributed within the 48 hour federal requirement. | 0 | 234 | 0 | 0 |
| CSED Annual Collection Fee | R51 | F206 | Transfer from administrative funds (R61) to pay the federal share of the federally mandated annual collections fee of $25 that is unable to be collected from custodial parents' support payments. | 28 | 0 | 0 | 0 |
| CSE County Grants | R51 | F218 | See General Fund. *(This funding is from the non-federal share of the child support 1% processing fee authorized in 2003 session and the federal $25 annual collections fee mandated in 2006. This is in addition to GF grants. Counties receive payment based on their program performance.* | 1,484 | 1,490 | 1,490 | 1,490 |
| IV-D Co-Parent | R88 | F237 | Grant to Hennepin County for a pilot co-parent court program that works with custodial and non-custodial parents. The new program worked with 25 families in FFY 2010. | 50 | 223 | | |
| **Federal Fund** | Required state match / MOE? Yes/No | | | **$163** | **$192** | **$124** | **$124** |
| CSE Access & Visitation Grants F41,F254 | N | N | Grants to improve non-custodial parents access to their children. The federal A&V grant is currently passed along to 2 grantees in FFY 2011: Children's Safety Centers and Genesis II for Families, selected through an RFP process in 2009. CSC and Genesis II served almost 500 children and 447 adults in FFY 2010. | 163 | 192 | 124 | 124 |

## Children's Services Grants BACT# 45

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$45,552** | **$49,664** | **$45,127** | **$45,127** |
| American Indian Child Welfare Program | S21 | C272 | Grants to tribes to provide core child welfare services to American Indian children living on participating tribe's reservations. There are 2 grantees: White Earth and Leech Lake reservations. More than 3,000 children and families were served through this grant in CY 2010. | 4,951 | 4,751 | 4,751 | 4,751 |
| Non-recurring Adoption Assistance Grants | S21 | C273 | One time grants of up to $2,000 to adoptive families for expenses related to the adoption of a foster child with special needs. 363 children served in SFY 2010. | 130 | 211 | 189 | 189 |
| Foster Care and Adoption Recruitment Grants | S21 | C344 | Grants to county and tribal social service agencies for recruitment of foster and adoptive families that reflect the ethnic and racial diversity of the children in foster care, including special efforts to recruit a foster family from a foster child's relatives. Fourteen grants were awarded to county agencies. | 122 | 162 | 161 | 161 |
| Privatized Adoption Grants (Public Privatized Adoption Initiative) | S21 | C345 | Grants to 8 providers for recruitment of adoptive families; fund child placement agencies' efforts to place children committed to the guardianship of the commissioner in adoptive homes. These grants supported services for 341 children and 325 families in 2009. | 2,983 | 2,952 | 2,620 | 2,620 |
| Child Welfare Reform - Prevention / Early Intervention Grants | S21 | C347 | Grants to counties for child protection services designed to support families to keep children safely at home. Services include training and counseling support for parents and children, stable housing and safe living conditions. Grants support services for 3,500-4,000 families per year. | 786 | 786 | 786 | 786 |
| FC Trans Plan Demo Project (Healthy Transitions and Homeless Prevention) | S21 | C350 | Grants to providers for transitional planning and housing assistance services to youth preparing to leave long-term foster care or who have recently left foster care. These grants served 943 youth in SFY 2010. | 1,043 | 1,065 | 1,065 | 1,065 |
| Indian Child Welfare Act (ICWA) Transfer to R21 | S21 | T051 | Grants to tribes and urban American Indian social service agencies to provide services to preserve and strengthen American Indian families and reunify children in out-of-home placement with their families. Funds 18 programs and served over 2,800 children. | 0 | 0 | 1,482 | 1,482 |
| Subsidized Adoption Grants | S42 | C248 | Payments to adoptive families to offset cost of assuming custody of and caring for special needs children. Critical to securing permanency for special needs wards of the state and consistent with the federal requirements and the Performance Improvement Plan (PIP) for the state's Child welfare system. (7,188 children) | 27,914 | 32,013 | 26,473 | 26,473 |

| Children's Services Grants BACT# 45, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations, continued** | | | | | | | |
| **General Fund, continued** | | | | | | | |
| RCA Demonstration Project | S42 | C313 | Cost neutrality payments for counties participating in the Permanency Demonstration projects based on state savings to relative custody assistance program. Counties include Hennepin, Ramsey, Dakota, and Carlton. (128 children) | 44 | 25 | | |
| Relative Custody Assistance Grants | S42 | C349 | Payments to relatives to offset cost of assuming permanent and legal custody of and caring for special needs children. Critical to securing permanency for children with special needs and consistent with the federal requirements and the Performance Improvement Plan (PIP) for the state's Child welfare system. Approximately 1,950 children served. | 7,125 | 7,499 | 7,600 | 7,600 |
| **Federal TANF Fund** | Required state match / MOE? Yes/No | | | **$140** | **$140** | **$140** | **$140** |
| TANF Young Parent Program Grants T01, C209 | N | Y | Grant provides education, job training, and skill development in parenting, child development, and employment for young parents under age 20 who live in Hennepin County, who have dropped out of school, and receive MFIP funds to support themselves and their children as directed by MN Session Laws 2007, Chapter 147, article 19, section3, subd. 4. (110 teen parents served) | 140 | 140 | 140 | 140 |
| **Special Revenue Fund** | | | | **$5,793** | **$7,430** | **$3,331** | **$2,618** |
| Privatized Adoption Grants | R20 | C276 | The source of the funding for this item is federal reimbursement (Title IV-E match) associated with General Fund appropriations for Privatized Adoption Recruitment Grants which serve 341 children and 325 families, respectively. | 635 | 650 | 650 | 650 |
| Foster Care Recruitment | R20 | C277 | Federal financial participation for foster care recruitment. | 0 | 76 | 76 | 76 |
| Adoption IV-B Grants | R20 | C278 | Federal reimbursement of Title IV-B activities eligible for Title IV-E reimbursement of adoption services to adoptive families. | 450 | 850 | 700 | 250 |
| Indian Child Welfare Grants (Transfer from S21) | R21 | C231 | Grants to tribes and urban American Indian social service agencies to provide services to preserve and strengthen American Indian families and reunify children placed in out-of-home placement with their families. *(see also General Fund T051 )* | 1,482 | 1,568 | 0 | 0 |
| Casey Parent Support Outreach Grant | R54 | C270 | Grants to counties to provide services to families reported to child protection. Ends in FY 2011. | 144 | 98 | 0 | 0 |

| Children's Services Grants BACT# 45, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Statutory Appropriations, continued** | | | | | | | |
| **Special Revenue Fund, continued** | | | | | | | |
| CCTV/ Recording Tech. Grant | R68 | C269 | Grants to counties to purchase specialized recording equipment for obtaining testimony from child witnesses for use in criminal proceedings. Ends in FY 2011. | 72 | 50 | 0 | 0 |
| Bush Foundation MFIP Family Connections | R72 | C296 | Grants to counties to provide support services to families with young children on MFIP to improve developmental outcomes for children including the prevention of child abuse and neglect. 1,900 families served over 3 year pilot. Grant award ended 12/31/10. | 28 | 188 | 0 | 0 |
| Children's Trust Fund Grants | R90 | B704 | Grants to counties and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities. | 817 | 1,581 | 10 | 610 |
| Parent Support Outreach Grant | R90 | B705 | Grants to counties and community-based agencies for child abuse and neglect prevention and services to families to reduce the risk of child maltreatment and enhanced family capacities. | 729 | 600 | 600 | 0 |
| MFIP Family Connections | R90 | B706 | Grants to counties to prevent child maltreatment and improve family functioning for families with children under age 10 on MFIP. (Approx. 650 families served per year.) Grant ended 12/31/10. | 198 | 250 | 0 | 0 |
| **Federal Fund** | **Required state match / MOE? Yes/No** | | | **$37,532** | **$37,144** | **$35,596** | **$35,516** |
| Challenge Grant (Community Based Child Abuse Prevention) Children's Trust Fund E23, B702 | Y | Y as part of allocation award | Grants to community based agencies (such as non-profits, school districts, and human service agencies) to provide services to families to reduce the risk of child maltreatment and enhance family capacities. | 1,099 | 1,022 | 700 | 800 |
| Title IV-B2 Family Support Grants (Parent Support Outreach) F00, C206 | Y | N | Grants to counties to prevent child maltreatment and improve family functioning for families reported to child protection services. (Approx. 1,200 families served per year in 30 counties.) | 0 | 100 | 0 | 0 |
| Title IV-B2 Family Preservation Grants (Family Alternative Response Grant)" F00, C237 | Y | N | Grants to counties and tribes to provide child protective services to strengthen families and to prevent out of home placement when it is safe to do so. Grant supports services for 2,500-3,000 families per year. | 1,772 | 1,295 | 1,295 | 1,295 |
| Title IV-B2 - Children's Justice Initiative Grants F00, C244 | Y | N | Grants to counties to improve the court handling of juvenile court protection proceedings and shorten the timeframe for establishing a permanent home or family reunification. | 77 | 100 | 100 | 100 |

| Children's Services Grants BACT# 45, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Required state match / MOE? Yes/No** | | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Statutory Appropriations, continued** | | | | | | | |
| **Federal Fund, continued** | | | | | | | |
| Title IV-B2 Reunification Grants - Family Group Decision Making F00, C239 | Y | N | Grants to counties and tribes to support family group decision making. (2,588 children served). | 1,520 | 1,432 | 1,432 | 1,432 |
| Title IV-B2 - Case Worker Visits Grants: F00, C245 | Y | N | Funds to support federal requirement of ensuring that all children in foster care are seen at least monthly and to strengthen the quality of supervision. | 287 | 54 | 5 | 0 |
| Safety Focused Family Partnership: F00, C249 | N | N | These grants funded a training initiative with counties and tribes to develop advanced child protection practice skills in safety organized practice with at-risk families. | 67 | 0 | 0 | 0 |
| Title IV-E Foster Care Maintenance: F02,C294 | Y | N | Federal financial participation for costs of Title IV-E eligible children in foster care. | 13,014 | 13,014 | 13,014 | 13,014 |
| Title IV-E Adoption Assistance – Maintenance F04,C279 | Y | N | Federal financial participation for payments to individuals adopting Title IV-E special needs children. 4,927 children receive IV-E adoption assistance. | 15,235 | 15,235 | 15,235 | 15,235 |
| Title IV-E Adoption Assistance - Non-Recurring Grants F04, C365 | Y | N | Federal financial participation for one-time costs associated with the cost of adopting special needs children who are Title IV-E eligible. There were 363 children served in SFY 10. | 323 | 323 | 323 | 323 |
| Title IV-E Parent Support Outreach F08, C200 | Y | N | Federal participation for grants for parent support outreach efforts. | 0 | 220 | 220 | 220 |
| Title IV-B1 Family Preservation Grants (Family Response Grant) F08, C281 | Y | N | Grants to counties and tribes to provide core child protection services to strengthen families and to prevent out of home placement when it is safe to do so. Grant support services to 2,500-3,000 families per year. | 850 | 850 | 850 | 850 |
| Adoption Incentive Payment Grant F09, C271 | N | N | Federal adoption incentive payment used for grants to providers for adoption-related services, including post adoption. | 371 | 782 | 175 | 0 |
| Independent Living Grants F15, C293 | Y | N | Grants to counties, providers, and tribes providing assistance and Independent Living Programs to adolescents in foster care. Approximately 800 high-risk youth served annually. | 1,529 | 1,850 | 1,505 | 1,505 |
| Education & Training Voucher Grant F35, C286s | Y | N | Post-secondary education voucher grants to help defray costs of post-secondary education to 238 youth that aged-out of foster case at age 18 were adopted from foster care on or after their 16th birthday, or custody was transferred to a relative from foster care on or after their 16th birthday. | 598 | 650 | 525 | 525 |

| Children's Services Grants BACT# 45, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Required state match / MOE? Yes/No** | | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Statutory Appropriations, continued** | | | | | | | |
| **Federal Fund, continued** | | | | | | | |
| Child Abuse (CAPTA) Grants F55, C227 | N | N | Grants to 5 counties to administer the federally-required Citizen Review Panels for child protection services. The counties are Chisago, Hennepin, Ramsey, Washington and Winona. Required of all states to be eligible to access other federal reimbursement. | 50 | 65 | 65 | 65 |
| Children's Justice Act F56, C236 | N | N | Training for county and tribal law enforcement, county attorney, and county and tribal child protection professionals on assessment and investigations, including training on forensic interviewing of potential child abuse victims. This grant supports training for approx. 177 participants. | 121 | 152 | 152 | 152 |
| **Federal Fund: ARRA** | **Required state match / MOE? Yes/No** | | | **$4,082** | **$4,047** | **$1,013** | **$0** |
| ARRA IV-E FC Maintenance H02, Z113 | Y | N | Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Foster Care maintenance payments. Ends on 6/30/11. | 1,755 | 1,755 | 500 | 0 |
| ARRA IV-E FC Demonstration H02, Z127 | Y | N | Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Foster Care maintenance payments. Ends on 6/30/11. | 277 | 175 | 0 | 0 |
| ARRA IV-E AA Maintenance H04, Z111 | Y | N | Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Adoption Assistance maintenance payments. Ends on 6/30/11. | 1,927 | 1,927 | 500 | 0 |
| ARRA IV-E AA Demonstration Project H04, Z112 | Y | N | Federal Title IV-E share from Stimulus Funding for children receiving fed IV-E Adoption Assistance maintenance payments. Ends on 6/30/11. | 123 | 190 | 13 | 0 |
| **Gift Fund** | **Appr.** | **Allot.** | | **$18** | **$25** | **$25** | **$4** |
| Forgotten Children's Fund | G06 | C307 | Private donations received from the American Legion and other private donors and administered by DHS to fund special services or activities to children in foster care. Funds approximately 70 requests per year. | 18 | 25 | 25 | 4 |

| Children & Community Services Grants BACT # 46 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation** | | | | | | | |
| **General Fund** | | | | **$50,763** | **$49,292** | **$64,301** | **$64,301** |
| Red Lake Band Grants | S25 | A314 | Grants to Clearwater and Beltrami Counties for costs of social services provided to members of the Red Lake Band residing on the Red Lake Reservation | 487 | 487 | 487 | 487 |
| Children & Community Services Grants | S25 | M148 | Grants to all Minnesota counties to purchase or provide services for children, adolescents and other individuals who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to approx. 435,000 people annually. | 50,276 | 48,805 | 63,814 | 63,814 |
| **Statutory Appropriations** | | | | | | | |
| **Federal Fund** | **Required state match / MOE? Yes/No** | | | **$32,654** | **$32,413** | **$32,275** | **$32,275** |
| Title XX - ICW Law Center: F82;C280 | N | N | Grant for legal advocacy, training and technical assistance in cases regarding custody, CHIPS, permanency, adoption, TPR, tribal court proceedings, long-term foster care and other services. (approx. 270 children per year.) | 140 | 140 | 140 | 140 |
| Title XX - Migrant Day Care Grants: F82:C283 | N | N | Grant provides child care in a number of counties for children whose parents, guardian or current caretakers have changed residence recently to obtain employment in a temporary or seasonal agricultural activity. (approx. 860 children per year.) | 465 | 290 | 293 | 293 |
| Title XX - Children & Community Services Grants: F82, S505 | N | N | Grants to all Minnesota counties to purchase or provide services for children, adolescents and other individuals who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to approx. 435,000 people annually. See General Fund - M148 | 32,036 | 31,983 | 31,842 | 31,842 |
| Title XX - Emergency Disaster Relief: F82, S506 | N | N | Reimbursements to counties that reported serving hurricane evacuees from August 2005 to September 2009. This fund, which ended September 2009, served approximately 240 unique evacuees during this period. | 13 | 0 | 0 | 0 |

| Children & Economic Assistance Grants BACT #47 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$16,140** | **$15,577** | **$16,305** | **$15,815** |
| MN Community Action Grants | S36 | B311 | Grants to Community Action Agencies to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become more self-reliant. (Serves 300,000 households annually). Funds used at local level for match. | 2,134 | 2,134 | 4,681 | 4,683 |
| Food Shelf Grants | S36 | B325 | Grants for purchase and distribution of food to food shelves throughout the state, including some administrative costs. | 1,655 | 1,318 | 1,255 | 1,255 |
| Transitional Housing Grants | S36 | B326 | Provides supportive housing and supportive services to homeless individuals and families so that they can secure permanent, stable housing. (Serves 4,000 individuals annually) | 2,934 | 2,934 | 2,934 | 2,934 |
| Emergency Services Program | S36 | B347 | Funds the operating costs of shelters and essential services to homeless families and individuals. (Serves 3,000 individuals annually) | 345 | 344 | 344 | 344 |
| Family Assistance for Independence in Minnesota Grant | S36 | B352 | FAIM is part of a national initiative to promote individual development accounts (IDAs). IDAs target the working poor to save for a home, college or business start-up and require participants to attend financial education. | 491 | 0 | 492 | 0 |
| Long Term Homeless Services Grants | S36 | C502 | Grants to county / provider partnerships to provide supportive housing services to long-term homeless individuals and families. Funds may be used at local level for HUD housing match. | 6,410 | 6,562 | 4,370 | 4,370 |
| Runaway and Homeless Youth | S36 | C528 | Grants to non-profit agencies for the provision of street outreach, drop-in centers, transitional living programs and supportive housing to runaway and homeless youth. | 218 | 0 | 119 | 119 |
| Fraud Prevention Grants | S36 | F405 | Grants to counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts. | 1,379 | 1,617 | 1,617 | 1,617 |
| LEP Grant-CFS | S36 | F504 | Grants to non-profit agencies for the provision of language services and the translation of vital documents for non-English speaking recipients of human services. | 86 | 86 | 86 | 86 |
| Minnesota Food Assistance Program | S48 | F123 | State funded food benefits for legal non-citizens who do not qualify for federal food stamps. | 488 | 582 | 407 | 407 |

| Children & Economic Assistance Grants BACT #47, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Statutory Appropriations, continued** | | | | | | | |
| **Grant / Activity** | **Appr** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Special Revenue Fund** | | | | **$300** | **$140** | **$3** | **$3** |
| FEMA Emergency Food & Shelter | R05 | C512 | Funds State Set-Aside Committee that is responsible for establishing a formula for distributing funds to local organizations. | 5 | 5 | 3 | 3 |
| FSP Enhanced Funding – County | R48 | F432 | Funding for triennial homeless survey. | 80 | 0 | 0 | 0 |
| Healthy Marriage Grant | R69 | F219 | This appropriation includes federal and state matching funds. Federal funds are earned under the "Healthy Marriage" waiver, which promotes marriage and relationship skill mentor training and research. The state match is funded by a portion of the state marriage license fee. | 66 | 0 | 0 | 0 |
| McKnight Financial Literacy Grant | R71 | B367 | Grants to build the capacity of nonprofit agencies across the state to help low-income people move out of poverty through financial education and asset building opportunities, and free tax preparation. | 149 | 135 | 0 | 0 |
| **Federal Fund** | **Required state match / MOE? Yes/No** | | | **$376,627** | **$375,052** | **$374,318** | **$374,317** |
| TEFAP Grants: Appr. E26 B312 | Y | N | Distributes U.S. Department of Agriculture (USDA) donated food commodities to individuals and families who use on-site meal programs, food shelves and shelters. This program design ensures an equitable distribution of commodities to all 87 counties. | 747 | 681 | 681 | 681 |
| HUD ESGP Grants E27; B315 | Y | N | The Emergency Shelter Grant Program (ESGP) provides funding to shelters and transitional housing programs for operating costs, essential services, and homelessness prevention. | 1,186 | 1,178 | 1,178 | 1,178 |
| Community Services Block Grant (CSBG) – Formula E28, B319 | N | N | Grants to Community Action Agencies to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become more self-reliant. | 5,025 | 7,591 | 6,991 | 6,991 |
| Community Services Block Grant – Discretionary E28, B320 | N | N | Grants to Community Action Agencies are used to focus local, state, private and federal resources on supporting low-income families and individuals to attain the skills, knowledge and motivation to become more self-reliant. These particular grants are for emergencies and special projects. | 338 | 500 | 400 | 400 |

## Children & Economic Assistance Grants BACT #47, continued

### Statutory Appropriations, continued

| Grant / Activity | Required state match / MOE? Yes/No | | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Federal Fund, continued** | | | | | | | |
| Rural & Homeless Youth Grants: E37, B482 | Y | N | This state and local collaborative provides transitional living program and independent living skills to runaway youth and homeless youth in a seven county / three reservation region of Cass, Crow Wing, Mille Lacs, Morrison, Todd, Wadena in addition to the Leech Lake and Mille Lacs Reservations. | 201 | 169 | 135 | 134 |
| Net Federal FS Recoveries F14; F164 | N | N | Recoveries statutorily dedicated to the Food Stamp Program. | 358 | 750 | 750 | 750 |
| Food Stamps (non-MFIP) F14; F170 | N | N | Grants to low income households to improve nutrition and achieve food security. | 358,877 | 353,983 | 353,983 | 353,983 |
| FSP Cash out Benefits – SSI F47; F107 | N | N | Cashed out food benefits to SSI/elderly. | 9,895 | 10,200 | 10,200 | 10,200 |
| **Federal Fund: ARRA** | | | | **$76,997** | **$18,100** | **$2,600** | **$2,600** |
| ARRA FEMA Emergency Food H05, Z102 | N | N | One-time funds for state set-aside committee responsible for establishing formulas for distributing funds to local organizations. | 4 | 0 | 0 | 0 |
| ARRA FSP EBT Benefits-Non-MFIP H14, Z119 | N | N | Cashed out food benefits to SSI/elderly. | 56,497 | 15,500 | 0 | 0 |
| ARRA TEFAP Grants H26, Z104 | N | N | One-time fund for storage and handling of food commodities. | 347 | 0 | 0 | 0 |
| ARRA HUD ESGP Grants H27, Z121 | N | N | One-time funds for homelessness prevention and rapid rehousing activities. | 5,654 | 0 | 0 | 0 |
| ARRA CSBG Grants H28, Z108 | N | N | One-time funds for community action agencies to support low-income families and individuals to attain the skills, knowledge and motivation to become self-reliant. | 12,032 | 0 | 0 | 0 |
| ARRA FSP Cash out Benefits SSI H47, Z114 | N | N | Cashed out food benefits to SSI/elderly. | 2,463 | 2,600 | 2,600 | 2,600 |

| Refugee Services Grants BACT #48 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Required state match / MOE? Yes/No** | | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Statutory Appropriations** | | | | | | | |
| **Federal Funds** | | | | **$11,753** | **$15,518** | **$9,137** | **$7,337** |
| Refugee Cash Assistance: F20, F549 | N | N | Cash grants to needy refugees who do not have children in the home. (approx. served –200 per month) | 378 | 1,000 | 1,000 | 1,000 |
| Refugee CMA Admin Grants F20, F571 | N | N | Grants to voluntary resettlement agencies to operate Refugee Cash Assistance and to the Department of Health for the implementation of health screening for refugees. | 1,129 | 1,400 | 1,400 | 1,400 |
| Refugee Medical Assistance F20, F572 | N | N | Grants to medical providers for medical care received by needy refugees without minor children in the home. (approx. served –200 per month) | 1,534 | 2,500 | 2,500 | 2,500 |
| Refugee Discretionary Project F25, F533 | N | N | Grants to nonprofit agencies available for certain geographic areas with refugee populations. (approx. served –165 per year) | 327 | 319 | 80 | 0 |
| Refugee School Impact Grant F68, C510 | N | N | Grants to assist the refugee service capacity of school districts in Anoka, Hennepin, and Olmsted and Ramsey counties. (approx. served –700 slots per year) | 1,134 | 1,158 | 1,000 | 200 |
| Services to Older Refugees F69, C508 | N | N | Grants for assistance to older refugees (approx. served –300 per year) | 98 | 227 | 227 | 57 |
| Refugee Social Services F70, F552 | N | N | Grants to nonprofit agencies to help refugees who encounter difficulties adjusting to life in the United States. Approx. Served 534 per month | 4,971 | 5,109 | 2,430 | 1,680 |
| Refugee Targeted Assistance Grants F78, F513 | N | N | Grants to assist refugees in obtaining employment. (approx. served –290 per month) | 2,059 | 3,805 | 500 | 500 |
| Refugee Targeted Assistance Grants F92, F536 | N | N | Grants to assist refugees in obtaining employment. (approx. served –290 per month) | 123 | 0 | 0 | 0 |

| Health Care Grants BACT #51 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$287** | **$295** | **$295** | **$295** |
| U Special Kids Intensive Care Management | S98 | H310 | These funds are for disease management programs for medical assistance and general assistance medical care recipients who are not enrolled in the prepaid medical assistance or prepaid general assistance medical care programs and who are receiving services on a fee-for-service basis. The commissioner may contract with an outside organization to develop and implement a pilot intensive care management program for medical assistance children with complex and chronic medical issues. | 147 | 205 | 205 | 205 |
| Outreach Grants General Fund | S98 | H735 | Funds grants for outreach activities such as providing information, applications, and assistance in obtaining coverage through Minnesota health care programs. | 140 | 90 | 90 | 90 |
| **Health Care Access Fund** | | | | | | | |
| COBRA Subsidy | M02 | H744 | This allotment funds payments under the Minnesota COBRA Premium Subsidy. The subsidy provides direct payments to insurers for 25% of a qualifying individual's monthly COBRA premium. To be eligible for the program, individuals must be eligible for the federal COBRA premium subsidy and meet income and asset guidelines for Minnesota Health Care Programs. The Minnesota COBRA Premium is scheduled to end in August 2011. | 5,676 | 16,806 | 110 | 110 |
| Outreach Grant - HCAF | M02 | H745 | Funds grants for outreach activities such as providing information, applications, and assistance in obtaining coverage through Minnesota health care programs. | 40 | 40 | 40 | 40 |
| Care Coordination Pilots | M02 | H794 | This allotment funds up to four pilot projects for children & adults with complex health care needs who are enrolled in MA fee-for-service. | 404 | 0 | 0 | 0 |
| Neighborhood Care Network | M02 | H796 | This allotment funds a required statewide toll free telephone number to provide information on public & private health coverage options and source of free and low cost health care. | 70 | 150 | 0 | 0 |

## Health Care Grants BACT #51, continued

### Statutory Appropriations

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Special Revenue Fund** | | | | **$95,619** | **$35,000** | **$32,000** | **$32,000** |
| Elderly Waiver (EW) Contract Process | R09 | H123 | Elderly Waiver grant claims are processed by MMIS for a fee under a contract with private health plans. - Current Plans include South Country and Care. | 95,619 | 35,000 | 32,000 | 32,000 |
| **Federal Funds** | **Required state match / MOE? Yes/No** | | | **$1,998** | **$4,342** | **$5,358** | **$5,946** |
| SHAP Grants F03, H406 | N | N | The purpose of this grant is to increase access to affordable health care for uninsured persons in Minnesota through the development and implementation of the Minnesota Health Care Programs (MHCP) electronic application, verification system, and a customer contact center in alignment with the requirements of the health insurance exchange mandated by the ACA to maximize the integration of Minnesota's automated systems and a future health insurance exchange, and through health care coverage, with an emphasis on prevention and primary care, offered by Local Access to Care Programs. | 1,998 | 4,342 | 5,358 | 5,946 |

| Aging & Adult Services BACT #53 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation** | | | | | | | |
| **General Fund** | | | | | | | |
| Caregiver Support Grants | S26 | H711 | Grants to counties and nonprofit organizations to provide caregiver and respite services, support groups and training in care giving. | 455 | 416 | 496 | 456 |
| SAIL/EDP and LAH/BN Grants | S26 | H802 | SAIL/EDP: $754,000. Grants to certain counties and Area Agencies on Aging (AAAs) to integrate, coordinate and enhance informal, quasi-formal and formal services for seniors. (Impacts 87 counties that serve 350,000 older individuals) Block Nurse: $617,000 to 31 service providers for -in-home services. | 1,371 | 1,252 | 1,494 | 1,373 |
| Epilepsy Demonstration Project Grant | S26 | S104 | Grant to a nonprofit organization for independent living skills training to adults with intractable epilepsy. (Approximately 16-20 served per year) | 262 | 237 | 283 | 260 |
| Aging Prescription Drug Assistance Grant | S26 | S112 | Grants to AAAs and service providers to provide statewide outreach and education assistance to low income seniors regarding Medicare and supplemental insurance, including Medicare Part D. | 887 | 805 | 960 | 882 |
| Essential Community Support Grants | S26 | S138 | Limited benefit program for persons who would lose Medical Assistance eligibility when Nursing Facility Level of Care changes (now postponed due to MOE). | 0 | 0 | 6,410 | 7,279 |
| Senior Nutrition Program Grants | S26 | S140 | Grants to AAAs and service providers to supplement federal funding to provide meals, and other related services in a congregate meal setting or to homebound seniors. (Approximately 57,000 congregate and 14,000 home delivered unduplicated persons served). | 1,958 | 2,342 | 2,792 | 2,568 |
| Community Service Development Grants | S26 | S141 | Grants for capital improvements, remodeling, and programs to for-profit and nonprofit organizations, and units of government to rebalance the long-term care service system. Has supported 320 new projects expanding service options for approximately 250,000 individuals through 50,000+ volunteers and has helped to build or renovate over 1,400 units of housing. (See also S142). Included in governor's unallotment for FY 10 and FY 11. | 0 | 1 | 2,844 | 2,841 |
| Community Service Grants | S26 | S142 | Grants for remodeling and program expansion to nonprofit entities and units of government to rebalance the long-term care service system. (See also 141- Community Service Development Grants.) | 1,701 | 1,560 | 3,030 | 2,983 |

| Aging & Adult Services BACT #53, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation, continued** | | | | | | | |
| **General Fund, continued** | | | | | | | |
| Information and Assistance Grants | S26 | S145 | Grants to non-profit and community organizations and area agencies on aging provide information and assistance regarding home-based and community-based services. (Approximately 108,000 served in FY 2009). (Total persons served also include those from the Aging Prescription Drug Assistance program (S112), CMS Basic Health Insurance Counseling grants (S191), CMS Medicare Improvement for Patients and Providers Act (MIPPA) grants- S279 and the MN Senior Medicare Patrol Project (S604)). | 866 | 785 | 937 | 861 |
| Nursing Facility Return to Community | S26 | S170 | Senior Linkage Line assists persons identified as potentially successful in moving from a nursing home into the community. Focuses on private pay individuals who would spenddown in a facility and become Medical Assistance eligible. | 272 | 862 | 1,026 | 1,112 |
| Community Consortium | S26 | S171 | A part of the Community Service/Services Development Grant programs carved out during the 2009 legislative session to meet nursing facility and community services goals. | 839 | 810 | 0 | 0 |
| Senior Volunteer Programs | S26 | S183 | Grants to counties and nonprofit organizations that supplement federal funding to provide volunteer opportunities in the Foster Grandparent, Senior Companion, and the Retired and Senior Volunteer Programs. More than sixteen thousand volunteers provide a total of 2.1 million hours of volunteer service. (Approximately 7,600 served in 2009). | 1,907 | 1,725 | 2,062 | 1,895 |
| **Statutory Appropriation** | | | | | | | |
| **Special Revenue Fund** | | | | **$200** | **$187** | **$187** | **$187** |
| Nursing Home Advisory Council | R27 | S105 | Grant to nursing home resident councils for ongoing education, training and information dissemination. (FY09 approx. 700 served) | 180 | 187 | 187 | 187 |
| Long-Term Partnership Grants | R77 | S130 | This grant ended in FY 08. | 20 | 0 | 0 | 0 |
| **Federal Fund** | **Required state match / MOE? Yes/No** | | | **$19,424** | **$21,849** | **$21,503** | **$20,720** |
| CMS Basic Health Insurance Counseling Grants F37, S191 | Y | N | Grants to AAAs and service providers to provide health insurance counseling, education and assistance services to seniors to help obtain health insurance benefits. (See S145) | 468 | 297 | 297 | 297 |
| **Aging & Adult Services BACT #53, continued** | | | | | | | |

| Grant / Activity | Required state match / MOE? Yes/No | | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Statutory Appropriation, continued** | | | | | | | |
| **Federal Fund, continued** | | | | | | | |
| Nutrition Services Incentive Program F38, S181 | N | N | OAA grants to AAAs and local nutrition providers as a separate allocation based on the number of meals served in the previous project year. (See S140) | 2,097 | 2,210 | 2,210 | 2,210 |
| Medicare Improvement MIPPA F39, NO47 | Y | N | Grants to MN Board on Aging to expand, extend or enhance the outreach efforts to beneficiaries on Medicare Part D and for those with limited incomes. | 0 | 104 | 139 | 35 |
| Alzheimer's Outreach Grants F79, S169 | Y | N | OAA grants to AAAs and service providers to provide early identification of Alzheimer's disease and support to families with seniors suffering with Alzheimer's disease. (Approximately 5,000 served in FY 2009.) | 46 | 291 | 291 | 291 |
| Alzheimer's Innovation Grants F79, S215 | Y | N | OAA grants to providers and AAAs to implement evidence-based programs throughout Minnesota. | 126 | 242 | 242 | 242 |
| Administration on Aging (AOA) Resource Disability Center Grant F93, S176 | Y | N | OAA grants to establish aging and disability resource centers that will create linkages with various systems including institutional care, pre-admission screening, hospital discharge planning and community agencies and organizations that serve targeted populations. | 106 | 221 | 221 | 55 |
| MIPPA Grants CMS F94, S178 | Y | N | CMS funding to expand, extend or enhance the outreach efforts to beneficiaries on Medicare Part D. | 20 | 77 | 0 | 0 |
| Title lll D Health Promotion Grants F95, S150 | Y | N | OAA grants to AAAs and service providers to provide preventive health information and services to seniors (Approximately 8,400 served in FY 2009). | 298 | 350 | 350 | 350 |
| Title VII Elder Abuse Prevention Grants F96, S167 | N | N | OAA grants to service providers to provide activities related to elder abuse prevention. | 0 | 43 | 43 | 43 |
| Title lll E Caregiver Grants F98, S147 | Y | Y | OAA grants to AAAs and service providers to provide information, respite, education, training and support groups to family caregivers. (Approximately 23,800 served in FY 2009). Also includes 3E Grandparents Raising Grandchildren Grants and 3E Statewide Activites Grant | 1,913 | 1,850 | 1,850 | 1,850 |
| Title lll E Grandparents Raising Grandchildren Grants F98, S148 | Y | Y | OAA grant to a service provider to provide caregiver support services to grandparents raising their grandchildren. | 163 | 225 | 225 | 225 |
| **Aging & Adult Services BACT #53, continued** | | | | | | | |

| Grant / Activity | Required state match / MOE? Yes/No | | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Statutory Appropriation, continued** | | | | | | | |
| **Federal Fund, continued** | | | | | | | |
| Title III E Statewide Activities Grants F98, S149 | Y | N | OAA grants to AAAs and service providers to provide statewide training, education and caregiver support activities. | 67 | 125 | 125 | 125 |
| Title III C2 Home Delivered Nutrition Services Grants F99, S156 | Y | N | OAA grants to AAAs and service providers to provide home delivered meal services targeted to seniors in the greatest economic and social need. (See S140) | 2,190 | 2,625 | 2,625 | 2,625 |
| **Federal Fund: ARRA** | | | | **$1,573** | **$287** | **$208** | **$0** |
| Chronic Disease Management Grants H11, Z140 | N | N | OAA grants to support implementation of the evidence-based Chronic Disease Self-Management Program. | 18 | 287 | 208 | 0 |
| ARRA Congregate Meals Grants H31, Z109 | Y | N | 2009 American Recovery and Reinvestment Act grants for congregate senior meals. | 1,042 | 0 | 0 | 0 |
| ARRA Home Delivered Meals H99, Z110 | Y | N | 2009 American Recovery and Reinvestment Act grants for home delivered senior meals. | 513 | 0 | 0 | 0 |

| BACT # 54 Deaf & Hard of Hearing Grants | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation** | | | | | | | |
| **General Fund** | | | | **$1,821** | **$1,609** | **$1,936** | **$1,767** |
| DHHSD Grants | S27 | S311 | Grants for multiple services and equipment to help Minnesotans who are deaf, deafblind, and hard of hearing or have multiple disabilities, including deafness, to remain independent and part of their communities. In FY 09 these grants served 22,000 people | 1,781 | 1,569 | 1,896 | 1,727 |
| Hearing Loss Mentors | S27 | S362 | Grant funding pays for deaf mentors to work with families who need to learn sign language and communication strategies to communicate with their children who have learning loss. | 40 | 40 | 40 | 40 |
| **Statutory Appropriations** | | | | | | | |
| **Special Revenue Fund** | | | | **$197** | **$264** | **$240** | **$240** |
| Campaign AD Caption | R06 | S363 | Funding from Secretary of State to promote and provide sign language interpreting services and real-time captioning so that people who are deaf, deafblind, hard of hearing have access to candidate forums, campaign information and voting on election day. | 0 | 24 | 0 | 0 |
| Rural Real Time Grant | R26 | S355 | Grants to rural television stations in Minnesota to provide real-time captioning of news and news programming where real-time captioning does not exist. | 197 | 240 | 240 | 240 |

| Disabilities Grants BACT# 55 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation** | | | | | | | |
| **General Fund** | | | | **$30,704** | **$29,734** | **$21,700** | **$23,538** |
| State Case Management Grants | S29 | H112 | Funding to clinics and community based organizations for the provision of case management services to persons living with HIV as well as payments to purchase insurance coverage for eligible individuals. (Approximately 900 clients served per year). During two different legislative sessions (2008, 2010), the appropriation has been delayed one fiscal year and repaid in the next biennium. FY 12 shows the normal base amount for the program. | 797 | 1,564 | 1,263 | 2,216 |
| State Insurance Premium Grants | S29 | H115 | Funding to supplement federal allocations (H119) and special revenue funds (H125) to maintain private insurance coverage for people living with HIV. These three funding streams serve approximately 1,500 persons per year. NOTE: Due to budget reductions, the base amount per year varies. During two different legislative sessions (2008, 2010), the appropriation has been delayed one fiscal year and repaid in the next biennium. FY 12 shows the normal base amount for the program. | 2,163 | 23 | 1,162 | 2,041 |
| PASRR for Person with MI and DD | S29 | H713 | Funding to reimburse counties for costs associated with completing federally required pre-admission screening and resident reviews (PASRR) of nursing home applicants or residents with a probable mental illness or a developmental disability. | 3 | 20 | 20 | 20 |
| Housing Access Services Grants | S29 | S187 | Grants to assist individuals to move out of licensed settings or family homes into homes of their own. This funding was appropriated during the 2007 session as part of the proposal to Limit growth in the disability waivers and manage costs. | 450 | 474 | 470 | 471 |
| Consumer Support Grants | S29 | S199 | The Consumer Support Grant (CSG) program is a state-funded alternative to Medicaid home care services of home health aide, personal care assistance and/or private duty nursing. Counties administer the CSG grants and work with consumers who are seeking greater flexibility and freedom of choice in their home care service delivery. Note: There is a small base for this grant plus a transfer from Medical Assistance. (Approximately 1,657 people served per year). | 14,783 | 14,601 | 1,140 | 1,005 |

| Disabilities Grants BACT# 55, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation, continued** | | | | | | | |
| **General Fund, continued** | | | | | | | |
| Semi-Independent Living Skills (SILS) Program | S29 | S406 | Grants to counties to assist adults with developmental disabilities, who are not eligible for the DD waiver or ICF/MR to maintain or increase independence in activities of daily living. SILS provides needed training and assistance in managing money, preparing meals, shopping, personal appearances etc. 70% is paid by the state with a 30% county match. (Approximately 1,552 people served). | 7,869 | 7,047 | 8,392 | 7,683 |
| DD Family Support Grants | S29 | S407 | Grants to families to offset the higher than average cost of raising a child with a disability. Allows children to stay in their family home. (Approximately 1,628 families served). | 4,045 | 3,623 | 4,313 | 3,948 |
| Technology Grants; MNCHOICES (formerly COMPASS). | S29 | S409 | Grants to lead agencies to purchase necessary technology to support MNCHOICES. | 0 | 500 | 0 | 0 |
| Technology Grants; Corporate Foster Care Alternatives | S29 | S415 | Funding appropriated during the 2009 session for technology, case consultation, evaluation and consumer information grants to assist in developing alternatives to shift-staff foster care residential services models. | 0 | 1,000 | 950 | 600 |
| Alternatives to PCA Grants | S29 | S417 | Funding appropriated during the 2009 Legislative session to implement alternative services to PCA services for persons with mental health and other behavioral challenges who can benefit from other services that more appropriately meet their needs and assist them in living independently in the community. | 0 | 0 | 3,237 | 4,856 |
| Region 10 Quality Assurance | S29 | S418 | The 2009 Legislature eliminated funding for the Region 10 Quality Assurance Commission. During the 2010 legislative session; a portion of the grant was restored on a one-time basis for FY 11. | 0 | 100 | 0 | 0 |
| Disability Linkage Line | S29 | S462 | Grants for a statewide information and assistance network for people with disabilities to obtain needed services. These are administered through a contract with two Centers for Independent Living (CIL). | 594 | 532 | 634 | 579 |
| MNDHO | S29 | S463 | Minnesota Disability Health Options (MNDHO) is ceasing operations as of January 1, 2011. These grants to counties assist with the transition of adults from MNDHO to fee-for-service. | 0 | 250 | 0 | 0 |
| Advocating Change | S29 | N041 | Appropriation to DHS. See also S435 under Advocating Change Together. This is a pass-through grant to the non-profit, Advocating Change Together. Language passed during the 2010 session that requires the state to seek a federal match on the grants. | 0 | 0 | 119 | 119 |

| Disabilities Grants BACT# 55, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Statutory Appropriation** | | | | | | | |
| **Special Revenue Fund** | | | | **$3,343** | **$7,564** | **$6,460** | **$6,350** |
| ADAP Drug Rebates-Title II Grants | R08 | H125 | Dedicated funding resulting from ADAP drug rebates that supplements state (H115) and federal (H119) allocations to maintain private insurance coverage and/or purchase HIV related drugs. These 3 funding streams serve approximately 1,500 persons. | 3,095 | 7,344 | 6,460 | 6,350 |
| Hennepin County Grant | R60 | H129 | DHS provides dental healthcare services for at least 216 clients living with HIV/AIDS in the 13 county metro area. The services shall be provided by MA fee-for-service qualified providers with reimbursement for services administered through MMIS. | 121 | 101 | 0 | 0 |
| Activating Change Together | R79 | S435 | Transfer from the Department of Administration to DHS. This is a pass-through grant to the non-profit, Advocating Change Together. Language passed during the 2010 session that requires the state to seek a federal match on the grants. NOTE: The first two years of the grant were transfers from the Department of Administration. Starting in FY 12 and FY 13, DHS receives an appropriation for the grant. | 127 | 119 | 0 | 0 |
| **Federal Fund** | **Required state match / MOE? Yes/No** | | | **$6,745** | **$6,742** | **$4,182** | **$3,713** |
| Ticket to Work Grants E03, S431 | N | Y | Grants to state agencies and stakeholder organizations to build infrastructure that facilitates the employment of people with disabilities. Grant's focus is on improving the infrastructure of the support and employment systems in Minnesota to enable people to work. | 1,442 | 3,746 | 1,668 | 0 |
| Ryan White Part B Supplemental F21, F200 | N | N | This grant which supplements the Ryan White grant is a competitive grant that is awarded to states with demonstrated need. The funding helps low income persons living with HIV/AIDS get access to HIV/AIDS medications. The supplemental funding is for FY 11. | 0 | 126 | 0 | 0 |
| Title II - Base Grant F59, H118 | N | N | Dedicated federal funding that helps individuals with HIV / AIDS obtain access to necessary medical care, nutritional supplements, dental services, mental health services, support services and outreach to high risk, underserved populations. | 1,791 | 1,847 | 1,957 | 1,956 |
| Part B – ADAP Grants - Title II Grant F59, H119 | N | N | Federal funding dedicated to maintain private insurance coverage for people living with HIV and/or purchase HIV related drugs. Funds used in conjunction with state (H115) and special revenue (H125) funds (Approximately 1,500 people served.). | 4,376 | 4,387 | 4,589 | 4,589 |

| Disabilities Grants BACT# 55, continued | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Required state match / MOE? Yes/No** | | | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Statutory Appropriation, continued** | | | | | | | | |
| **Federal Fund, continued** | | | | | | | | |
| Minority Aids Initiative Outreach Grant F59, H153 | N | N | | Federal funding to provide outreach and education services to minority populations by identifying individuals with HIV/AIDS and make them aware of and enroll them in treatment service programs. (Approximately 100 people served). | 0 | 44 | 44 | 44 |
| | **New Grant** | **Required state match / MOE? Yes/No** | | | | | | |
| Minority Aids Initiative Outreach Grant F60, H122 | N | N | N | Federal funding to provide outreach and education services to minority populations by identifying individuals with HIV/AIDS and make them aware of and enroll them in treatment service programs. (Approximately 100 people served.). | 30 | 0 | 0 | 0 |
| Refugee SS HIV Case Mgmt. F70, H120. | N | N | N | Federal funding dedicated to provide Refugee HIV case management services and assistance for persons in obtaining medical, housing, nutritional, social, community, legal, financial and other needed services. (Approximately 50 people served). | 6 | 0 | 0 | 0 |
| Money Follows the Person New Federal Grant New Appr, New Allotment | Y | N | Y | Federal grant to continue Minnesota's development of home and community based services as a preferred and cost effective alternative to institutional care. Provided enhanced match to qualifying individuals for 12 months to offset transitional expenses and demonstrates effective practice. It also covers administrative costs to stabilize and develop needed services to prevent reliance on institutional care. NOTE: In the process of applying for the federal funding. Grant request is for 6 fiscal years through FY 17. Existing service costs are estimated to be approximately $224 million over the six year period. At least 75% FFP can be earned from these expenditures. (This amount will be updated as the application process moves forward).The federal funding must be reinvested into the program. | 0 | 873 | 3,811 | 2,393 |

## Adult Mental Health Grants BACT #57

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$71,160** | **$71,643** | **$77,539** | **$77,539** |
| South Central Crisis Program | S28 | M107 | This grant funds Crisis Residential Stabilization Services (CY2011 est. 590 adults served), Mobile Crisis Services (CY 2011 est. 250) and rapid access to psychiatry or other prescribers (CY 2011 est. 600 adults); 24 hour Crisis Line (CY 2011 est.1,1000). Base funding was appropriated to BACT 61 (State Operated Servcies) and transferred to Adult Mental Health Grants each year in FY2012-13 for administration. | 0 | 600 | 0 | 0 |
| Adult Mental Health Integrated Fund | S28 | M109 | Grants to counties for Adult MH Initiatives including crisis response and case management services. For most counties, this includes integrated administration of Adult MH Community Support Grants and Residential Treatment Grants. (CY 2009, 18,800 adults served) | 64,423 | 61,489 | 67,685 | 67,685 |
| Rule 78 Adult Mental Health Grant | S28 | M113 | Grants to counties for community support services to adults with serious and persistent mental illness. (CY 2009, 11,200 adults served) | 3,650 | 6,291 | 6,291 | 6,291 |
| Crisis Housing | S28 | M139 | Grant to nonprofit agency (sole source contract) for the provision of financial assistance to hospitalized clients needing help to pay for their housing. These funds are used only when other funds, such as SSI, are not available. (CY 2009 - 300 adults served) | 143 | 610 | 610 | 610 |
| Mental Health Alternatives to ML Grant | S28 | M142 | Grants to community hospitals to provide alternatives to RTC mental health programs. These grants are awarded based on a competitive RFP that is re-issued every 5 years. These funds pay for extended inpatient treatment when other funding, such as Medicare, is inadequate to cover these stays. (CY2010 - provided 4,792 bed days of care) | 2,644 | 2,653 | 2,653 | 2,653 |
| AMH- Culturally Specific Services | S28 | R503 | New funding appropriated as part of 2007 Governor's MH Initiative to support increased availability of mental health services for persons from cultural and ethnic minorities. Prior to release of RFP, FY09 was unallotted due to budget deficit (Estimate that 600 adults will be served in CY2011) | 300 | 0 | 300 | 300 |

## Adult Mental Health Grants BACT #57

| Grant / Activity | Appr. | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | **$71,160** | **$71,643** | **$77,539** | **$77,539** |
| South Central Crisis Program | S28 | M107 | This grant funds Crisis Residential Stabilization Services (CY2011 est. 590 adults served), Mobile Crisis Services (CY 2011 est. 250) and rapid access to psychiatry or other prescribers (CY 2011 est. 600 adults); 24 hour Crisis Line (CY 2011 est.1,1000). Base funding was appropriated to BACT 61 (State Operated Servcies) and transferred to Adult Mental Health Grants each year in FY2012-13 for administration. | 0 | 600 | 0 | 0 |
| Adult Mental Health Integrated Fund | S28 | M109 | Grants to counties for Adult MH Initiatives including crisis response and case management services. For most counties, this includes integrated administration of Adult MH Community Support Grants and Residential Treatment Grants. (CY 2009, 18,800 adults served) | 64,423 | 61,489 | 67,685 | 67,685 |
| Rule 78 Adult Mental Health Grant | S28 | M113 | Grants to counties for community support services to adults with serious and persistent mental illness. (CY 2009, 11,200 adults served) | 3,650 | 6,291 | 6,291 | 6,291 |
| Crisis Housing | S28 | M139 | Grant to nonprofit agency (sole source contract) for the provision of financial assistance to hospitalized clients needing help to pay for their housing. These funds are used only when other funds, such as SSI, are not available. (CY 2009 - 300 adults served) | 143 | 610 | 610 | 610 |
| Mental Health Alternatives to ML Grant | S28 | M142 | Grants to community hospitals to provide alternatives to RTC mental health programs. These grants are awarded based on a competitive RFP that is re-issued every 5 years. These funds pay for extended inpatient treatment when other funding, such as Medicare, is inadequate to cover these stays. (CY2010 - provided 4,792 bed days of care) | 2,644 | 2,653 | 2,653 | 2,653 |
| AMH- Culturally Specific Services | S28 | R503 | New funding appropriated as part of 2007 Governor's MH Initiative to support increased availability of mental health services for persons from cultural and ethnic minorities. Prior to release of RFP, FY09 was unallotted due to budget deficit (Estimate that 600 adults will be served in CY2011) | 300 | 0 | 300 | 300 |
| **Health Care Access Fund** | | | | **$750** | **$750** | **$750** | **$750** |
| Adult Mental Health Crisis Grants | M28 | M101 | Adult mental health crisis grants to metro counties to build capacity for mobile crisis teams—particularly to cover costs for uninsured. Administered along state general fund crisis grant funds that are part of the Adult MH Initiative grants listed above. | 750 | 750 | 750 | 750 |
| **Lottery Cash Flow** | | | | **$1,427** | **$1,430** | **$1,508** | **$1,508** |
| Gambling Grants Lottery Transfer | P01 | M159 | Funds transferred from the Minnesota State Lottery to DHS for compulsive gambling prevention and treatment. FY08 includes one-time funding for public prevention and education. (1,100 people receive treatment per year) | 1,427 | 1,430 | 1,508 | 1,508 |

| Adult Mental Health Grants BACT #57, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Statutory Appropriations** | | | | | | | |
| **Special Revenue Fund** | | | | **$231** | **$251** | **$340** | **$340** |
| **Grant / Activity** | **Appr** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| J & J Dartmouth Mental Health Support Employment Grants | R46 | M186 | Johnson and Johnson Foundation Grant through Dartmouth College to promote evidence-based supported employment services for adults with serious mental illness. | 12 | 0 | 0 | 0 |
| Comp. Gamble Indian Game | R74 | M164 | Additional Lottery funds for the compulsive gambling program – see description for allotment M159 above. | 219 | 251 | 340 | 340 |
| **Federal Fund** | **Required state match /MOE? Yes/No** | | | **$4,888** | **$8,964** | **$5,716** | **$5,716** |
| MH McKinney Grant F16, M133 | Y | N | Grants to counties and non-profit agencies for outreach and mental health services to homeless people. About $500,000 per year of Adult MH Integrated state funds (see above) are used as match for these federal funds. (9,200 people served per year) | 659 | 659 | 659 | 659 |
| TBI Services F44, S420 | Y | N | Funds interagency agreements with the Department of Corrections to support efforts to improve their services for persons with a traumatic brain injury (TBI). | 39 | 250 | 0 | 0 |
| COSIG MI CD Grants F58, M183 | N | N | Co-occurring state incentive grants (COSIG) to promote evidence-based integrated dual-diagnosis services for Mental Illness (MI) and Chemical Dependency (CD). | 106 | 123 | 40 | 40 |
| Federal MH Block Grant – Demonstration Projects F85, M132 | N | Y | Grants to counties and non-profit agencies for innovative projects based on best practices. Projects include children's mental health collaboratives, crisis services for children and adults, adult mental health initiatives and self-help projects for cons | 0 | 4,320 | 3,307 | 3,307 |
| Federal MH Block Grant – Indian Mental Health Services F85, M167 | N | Y | As required by state law, 25% of the Federal MH Block Grant is used for grants to American Indian Tribes and non-profit agencies to provide mental health services, particularly community-support services, to American Indians. | 3,324 | 1,712 | 1,710 | 1,710 |
| MHBG Child Training Grants F85, M189 | N | Y | Grants to public, non-profit, and tribal provider agencies and to mental health professionals to improve core clinical skills; improve understanding of and compliance with mental health law, rule, and policy; and thereby enhancing provider capacity, quality of care, and access to the right mental health services at the right time. | 490 | 1200 | 0 | 0 |
| MHBG Child Demo Grants F85, M190 | N | Y | Grants to public, non-profit, and tribal provider agencies to implement service delivery infrastructure statewide and provide access to emerging advances in mental health treatments and evidence-based practices. | 270 | 700 | 0 | 0 |

## Children's Mental Health Grants BACT #58

| Grant / Activity | Appr | Allot. | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
|---|---|---|---|---|---|---|---|
| **Direct Appropriation** | | | | | | | |
| **General Fund** | | | | | | | |
| Children's Mental Health Screening Grant | S39 | M145 | Grants to county child welfare and juvenile justice agencies to pay for mental health screenings and follow-up diagnostic assessment and treatment; covers children already deeply involved in child-serving systems. (In CY 2009, 4,279 child welfare clients and 4,698 juvenile justice clients served.) | 4,559 | 4,633 | 3,811 | 3,811 |
| Children's Mental Health Targeted Case Management Grants | S39 | M169 | Grants to counties to offset their cost of providing MA-reimbursed mental health case management services for children. (Approx. 2,888 per year served by counties since transfer to managed care.) | 3,338 | 2,146 | 2,146 | 2,146 |
| CMH - Capacity School Based Services | S39 | R401 | Grants to provider agencies to integrate mental health service capacity into the non-stigmatized natural setting of children's schools and to cover direct clinical and ancillary services for uninsured and under-insured children. Part of the 2007 Governor's MH Initiative. (Number served--School year 2008-09: 4,698 children. School year 2009-10: 6,470 children. Serves Pre-K to age 21) | 4,777 | 4,777 | 4,777 | 4,777 |
| CMH - Capacity Respite Grants | S39 | R402 | Grants to counties to build service capacity for planned and emergency respite to relieve family stress that can result in out-of-home placement, violence, and ER visits. (Children served in CY 2006--306; CY 2007--626; CY 2008--1,024.) | 781 | 1,024 | 1,024 | 1,024 |
| CMH - Capacity Early Intervention Grants | S39 | R403 | Grants to provider agencies to build evidenced-based MH intervention capacity for children birth to age 5 whose social, emotional, and behavioral health is at risk due to biologically-based difficulty in establishing loving, stable relationships with adults; having cognitive or sensory impairments; or living in chaotic or unpredictable environments. Part of2007 Gov. MH Initiative (990 served in SFY 2010, mostly in child-care and pre-school. DHS training qualified at least one MH professional in all by one county.) | 1,171 | 1,024 | 1,024 | 1,024 |
| CMH - Crisis Services Grants | S39 | R404 | Grants to counties in regional partnerships to build psychiatric crisis response capacity, including mobile crisis intervention and follow-up stabilization services. Part of 2007 Governor's MH Initiative. (CY 2008--820 crisis episodes; CY 2009--2,411 crisis episodes) Few were clients with repeat crises: 73% had no history of hospitalization; 70% had no history of residential treatment. | 2,354 | 2,850 | 2,850 | 2,850 |

| Children's Mental Health Grants BACT #58, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriation, continued** | | | | | | | |
| **General Fund, continued** | | | | | | | |
| CMH - Capacity Evidence Based Practices | S39 | R405 | Grants to individual mental health clinicians to train them in the use of scientific evidence to support clinical decision-making and to implement evidence-based interventions across the state. Part of 2007 Gov. MH Initiative. (Trained: 115 clinicians from 30 agencies; 17 clinicians from 4 residential treatment ctrs.) (67 clinicians currently being trained in Trauma-Focused Cognitive Behavioral Therapy) (29 clinicians trained in Parent-Child Interaction Therapy) | 716 | 750 | 750 | 750 |
| CMH - Cultural Competence Provider Capacity Grants | S39 | R406 | Grants to provider agencies to support cultural minority individuals to become qualified mental health professionals and practitioners; to increase access of mental health services to children from cultural minority families; and to enhance the capacity of providers to serve these populations. (CY2009 Paid 1,333 hours of clinical supervision for 44 interns completing requirements for licensure and other credentialing. 355 minority children received direct MH services) | 65 | 300 | 300 | 300 |

| CD Non-Entitlement Grants BACT # 59 | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Grant / Activity** | **Appr.** | **Allot.** | **Purpose / People Served** | **FY 2010 Actual** | **FY 2011 Budget** | **FY 2012 Base** | **FY 2013 Base** |
| **Direct Appropriations** | | | | | | | |
| **General Fund** | | | | | | | |
| CD Treatment Grants | S34 | R602 | Legislatively designated for two grantees, Anoka County and the Faribault & Martin Human Services Board to treat methamphetamine abuse and the abuse of other substances. The focus audience is women with dependent children identified as substance abusers, especially those whose primary drug of choice is methamphetamine. | 300 | 300 | 300 | 300 |
| Mother's First-Ramsey County | S34 | R604 | One-time funding for a program in Ramsey County that provides early intervention efforts designed to discourage pregnant women from using alcohol and illegal drugs. (SFY2009 - 56 women served, combined with R603 below) | 58 | | | |
| CD Native American Program | S34 | S205 | Provides funds to American Indian tribes, organizations, and communities to provide culturally appropriate alcohol and drug abuse primary prevention and treatment support services. Federal funds also partially support this activity. SFY2010 - 7,100 people served. Nine projects funded in FY2010 & FY2011 | 1,020 | 1,036 | 1,036 | 1,036 |
| **Statutory Appropriations** | | | | | | | |
| **Special Revenue Fund** | | | | | | | |
| SEOW Epidemiology Grants | R24 | R600 | Grants to support the State Epidemiology Outcomes Workgroup which is a time limited project to synthesize available data to better inform local and statewide planning for alcohol, tobacco and other drug prevention efforts. | 161 | 12 | 0 | 0 |
| CCDTF Other Services | R42 | S218 | Reimburses providers through the Consolidated Fund for the provision of chemical dependency treatment services to persons whose income is over 100% of Federal Poverty. | 1,643 | 1,400 | 1,400 | 1,400 |
| **Federal Fund** | **Required state match / MOE? Yes/No** | | | **$14,013** | **$19,023** | **$14,436** | **$14,435** |
| SPF SIG Prevention Grants F77, R607 | N | N | Provides grants to approximately 10-15 geographically defined communities (to be determined by the applicant i.e. counties, cities, school districts etc.) to address the priority needs identified relating to alcohol and substance abuse prevention among youth and 18 to 25 year olds. | 51 | 3,640 | 1,829 | 1,829 |

| CD Non-Entitlement Grants BACT # 59, continued | | | | | | | |
|---|---|---|---|---|---|---|---|
| Grant / Activity | Required state match / MOE? Yes/No | | Purpose / People Served | FY 2010 Actual | FY 2011 Budget | FY 2012 Base | FY 2013 Base |
| **Statutory Appropriations, continued** | | | | | | | |
| **Federal Fund, continued** | | | | | | | |
| CDBG Coordination & Evaluation SAPT Block Grant F83, S225 | N | Y | Funds for planning, technical assistance, and evaluation activities related to the effective state utilization of the SAPT Block Grant including state Synar related activities. | 161 | 110 | 120 | 120 |
| CDBG Specialized Women Services SAPT Block grant F83, S232 | N | Y | Grants to community based providers to improve the delivery of chemical dependency treatment services to pregnant women and women with children by providing ancillary services such as safe housing, day care, parenting training, education, and social support. Fifteen grants provided in SFY2011 to counties and non-profit providers. (SFY2009, 1,600 people served.) | 6,801 | 4,841 | 3,987 | 3,987 |
| CDBG Primary Prevention SAPT Block Grant F83, S235 | N | Y | Grants to agencies that expose Minnesotans to appropriate chemical health messages from multiple sources utilizing prevention strategies which include info dissemination, education, problem identification & referral, and community mobilization projects. Grants were provided to a total of 31 cities, counties or non-profit applicants in SFY2011. (SFY09 - 3,125,000 people served) | 2,605 | 5,444 | 5,412 | 5,412 |
| CDBG Treatment Special Project F83, S240 | N | Y | Grants to non-profit organizations and counties to enhance recovery from alcohol and drug addiction by providing education, support groups, job seeking support, recovery coaching and support to the chronic chemically dependent population. Eight grants were provided to applicants in SFY2011. | 1,153 | 2,050 | 0 | 0 |

*Dollars in Thousands*

| | Actual FY2010 | Budgeted FY2011 | Governor's Recomm. FY2012 | Governor's Recomm. FY2013 | Biennium 2012-13 |
|---|---|---|---|---|---|
| ***Non Dedicated Revenue:*** | | | | | |
| **Departmental Earnings:** | | | | | |
| General | 51,072 | 49,700 | 45,815 | 46,114 | 91,929 |
| State Government Spec Revenue | 0 | 0 | 6,000 | 6,000 | 12,000 |
| **Grants:** | | | | | |
| General | 2,098 | 39 | 39 | 0 | 39 |
| **Other Revenues:** | | | | | |
| General | 133,734 | 132,291 | 128,006 | 130,155 | 258,161 |
| Health Care Access | 7,121 | 7,092 | 6,655 | 6,467 | 13,122 |
| **Taxes:** | | | | | |
| General | 231,443 | 237,350 | 641,843 | 704,856 | 1,346,699 |
| **Total Non-Dedicated Receipts** | **425,468** | **426,472** | **828,358** | **893,592** | **1,721,950** |
| ***Dedicated Receipts:*** | | | | | |
| **Departmental Earnings (Inter-Agency):** | | | | | |
| Miscellaneous Special Revenue | 6,087 | 100 | 100 | 100 | 200 |
| **Departmental Earnings:** | | | | | |
| General | -18 | 0 | 0 | 0 | 0 |
| Health Care Access | -132 | 0 | 0 | 0 | 0 |
| Miscellaneous Special Revenue | 47,722 | 57,882 | 64,781 | 66,588 | 131,369 |
| Federal | 14,180 | 0 | 0 | 0 | 0 |
| Federal Stimulus | 1,745 | 0 | 0 | 0 | 0 |
| Revenue Based State Oper Serv | 82,066 | 81,012 | 81,012 | 81,012 | 162,024 |
| Mn Neurorehab Hospital Brainer | 6,773 | 2,128 | 2,128 | 2,128 | 4,256 |
| Dhs Chemical Dependency Servs | 20,264 | 20,933 | 20,933 | 20,933 | 41,866 |
| Materials Distribution | 937 | 898 | 898 | 898 | 1,796 |
| **Grants:** | | | | | |
| Miscellaneous Special Revenue | 154,930 | 98,764 | 99,902 | 101,192 | 201,094 |
| Federal | 5,006,625 | 5,177,835 | 5,685,156 | 5,978,296 | 11,663,452 |
| Federal Stimulus | 1,138,571 | 871,284 | 12,571 | 5,434 | 18,005 |
| **Other Revenues:** | | | | | |
| General | 801 | 0 | 0 | 0 | 0 |
| Health Care Access | 47 | 0 | 0 | 0 | 0 |
| Miscellaneous Special Revenue | 137,030 | 122,089 | 109,920 | 111,848 | 221,768 |
| Federal | 35,104 | 14 | 14 | 14 | 28 |
| Federal Stimulus | 4,626 | 0 | 0 | 0 | 0 |
| Miscellaneous Agency | 643,181 | 648,584 | 658,998 | 659,633 | 1,318,631 |
| Gift | 28 | 47 | 18 | 17 | 35 |
| Endowment | 1 | 1 | 1 | 1 | 2 |
| Revenue Based State Oper Serv | 184 | 171 | 171 | 171 | 342 |
| Mn Neurorehab Hospital Brainer | 7 | 4 | 4 | 4 | 8 |
| Dhs Chemical Dependency Servs | 7 | 0 | 0 | 0 | 0 |
| Materials Distribution | 1 | 2 | 2 | 2 | 4 |
| **Other Sources:** | | | | | |
| Miscellaneous Special Revenue | 0 | 1,401 | 1,400 | 1,400 | 2,800 |
| Federal | 0 | 2 | 0 | 0 | 0 |
| Miscellaneous Agency | 3,285 | 4,499 | 4,499 | 4,499 | 8,998 |
| **Total Dedicated Receipts** | **7,304,052** | **7,087,650** | **6,742,508** | **7,034,170** | **13,776,678** |
| **Agency Total Revenue** | **7,729,520** | **7,514,122** | **7,570,866** | **7,927,762** | **15,498,628** |