



“DHS 101”
Commissioner Jodi Harpstead
January, 2023

Department Mission:

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

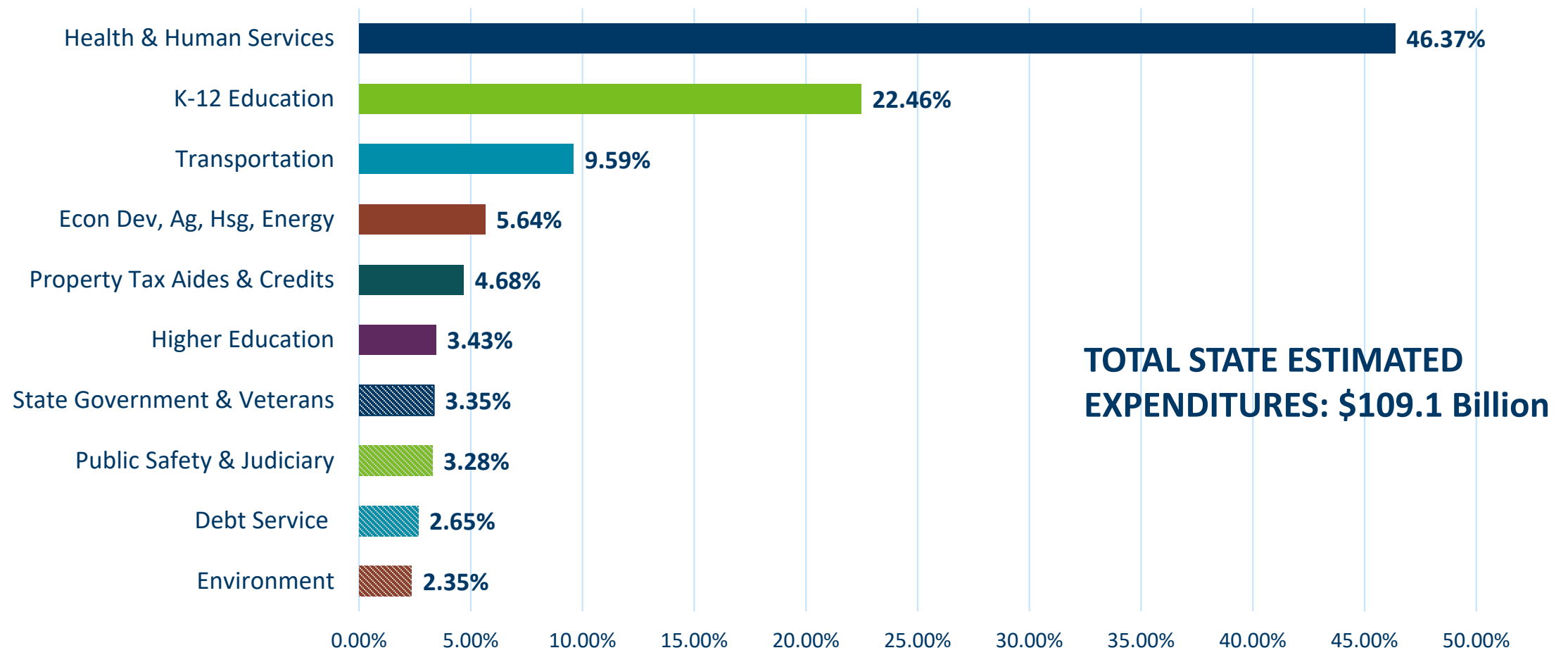
Employee Vision:

When all employees are embraced, respected and heard, we will build a collaborative, equitable, inclusive and anti-racist culture where we all thrive.

Some Basics about DHS

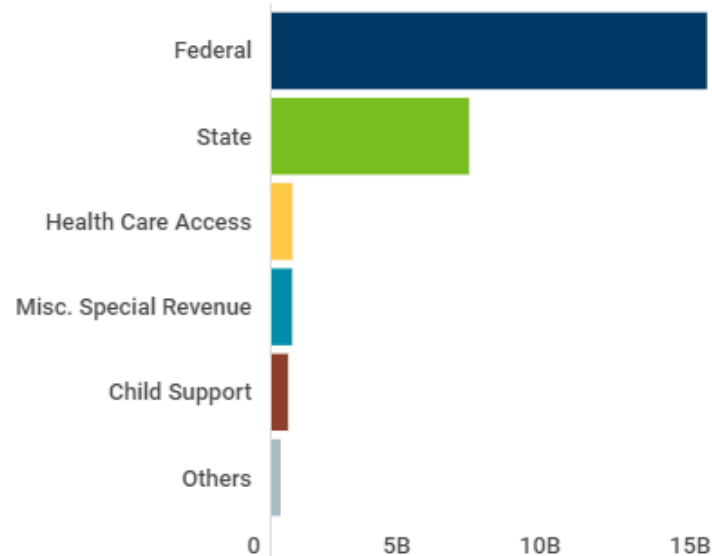
- **According to a recent consulting firm analysis, Minnesota ranks “High” for “Involvement of the Legislature.” Some state legislatures pass broad statutes, leaving state agencies to do rule-making to shape their work. Almost everything that governs our work is in statute.**
- **Minnesota is one of 10 states that are state-funded, county- and tribal-administered for the delivery of human services. So as we rollout programs approved by the Legislature, we need to implement them through 87 counties and 11 tribal nations.**
- **In other words, “It’s complicated!”**
- **And “Mistakes can happen!”**

FY 2022-23 biennium – All funds enacted budget



Human Services Budget – Funds and People

Spending by fund

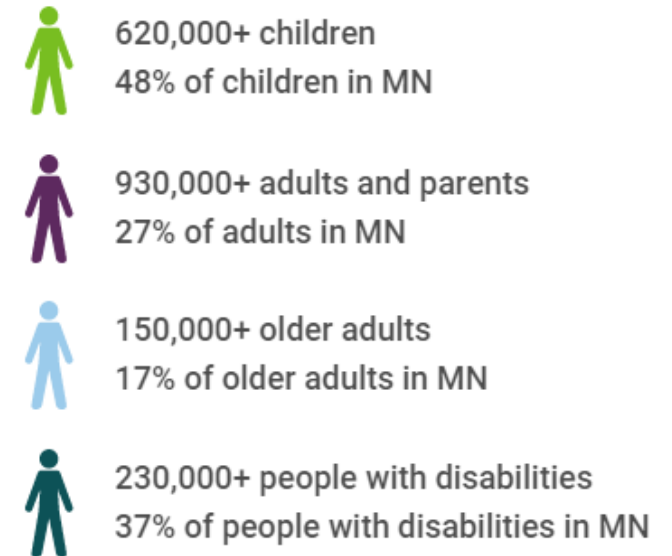


Definitions:

- Federal: Includes Federal and Federal + TANF
- State: Includes State General and State Government Special Rev
- Misc. Special Rev: Includes Restrict and other Misc. Special Rev
- Others: Include ARP State Fiscal Recovery, Coronavirus Relief, Opiate Response, SOS TBI & Adol Ent Svcs, DHS Chemical Dependency Svcs, MN State Industries, Lottery and Miscellaneous Agency.



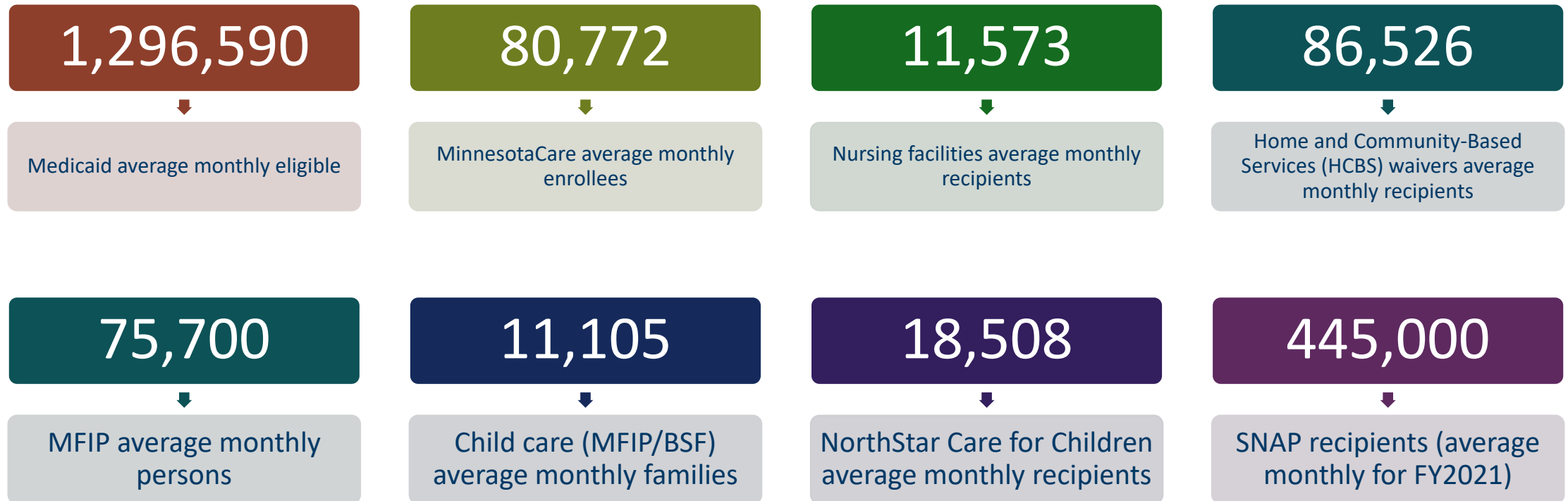
Serves



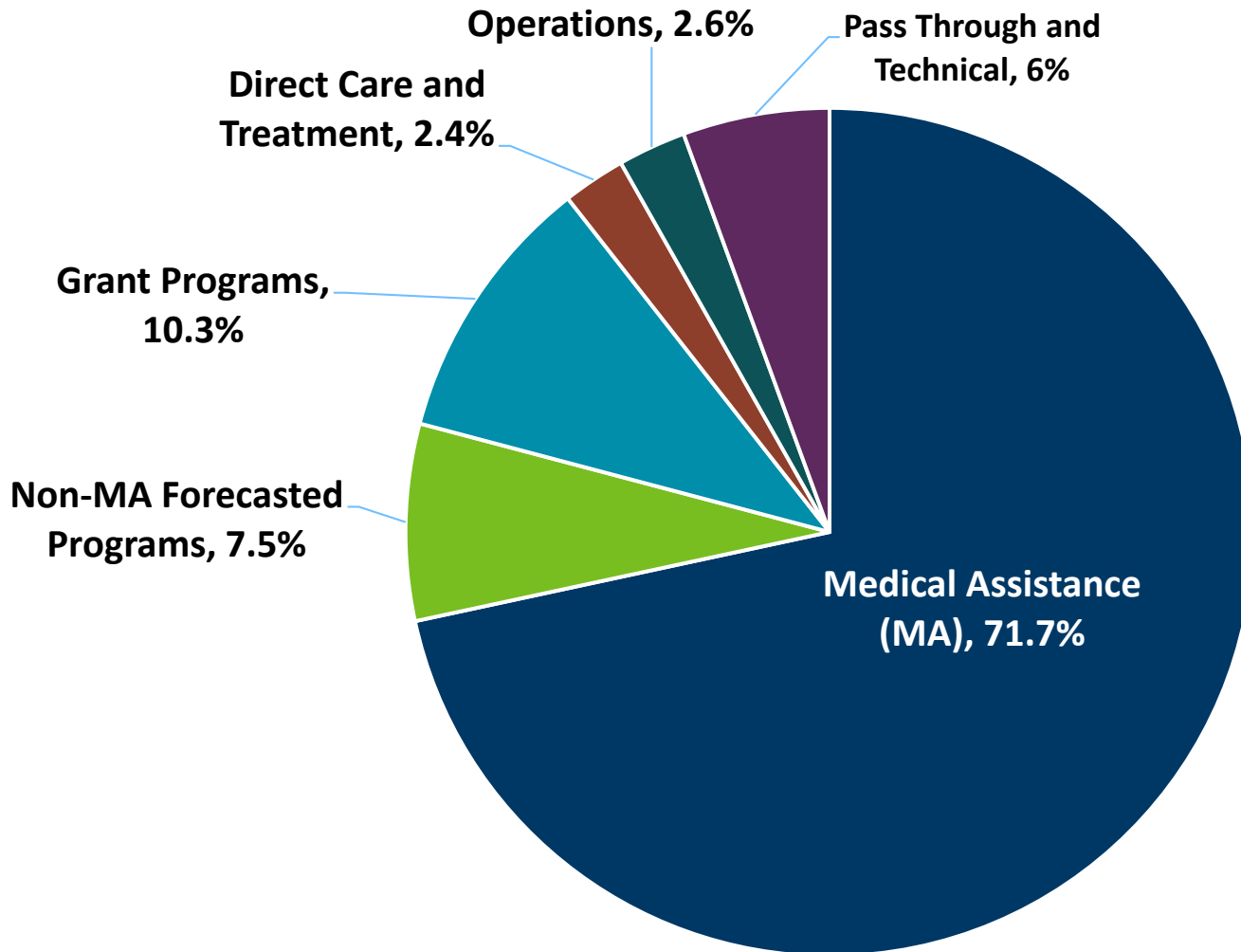
Definitions:

- Children: 0-17 years
- Adults and parents: 18-64 years
- Older adults: 65+ years
- Data source: DHS MAXIS and MMIS

Who we serve: by the numbers (FY2022)

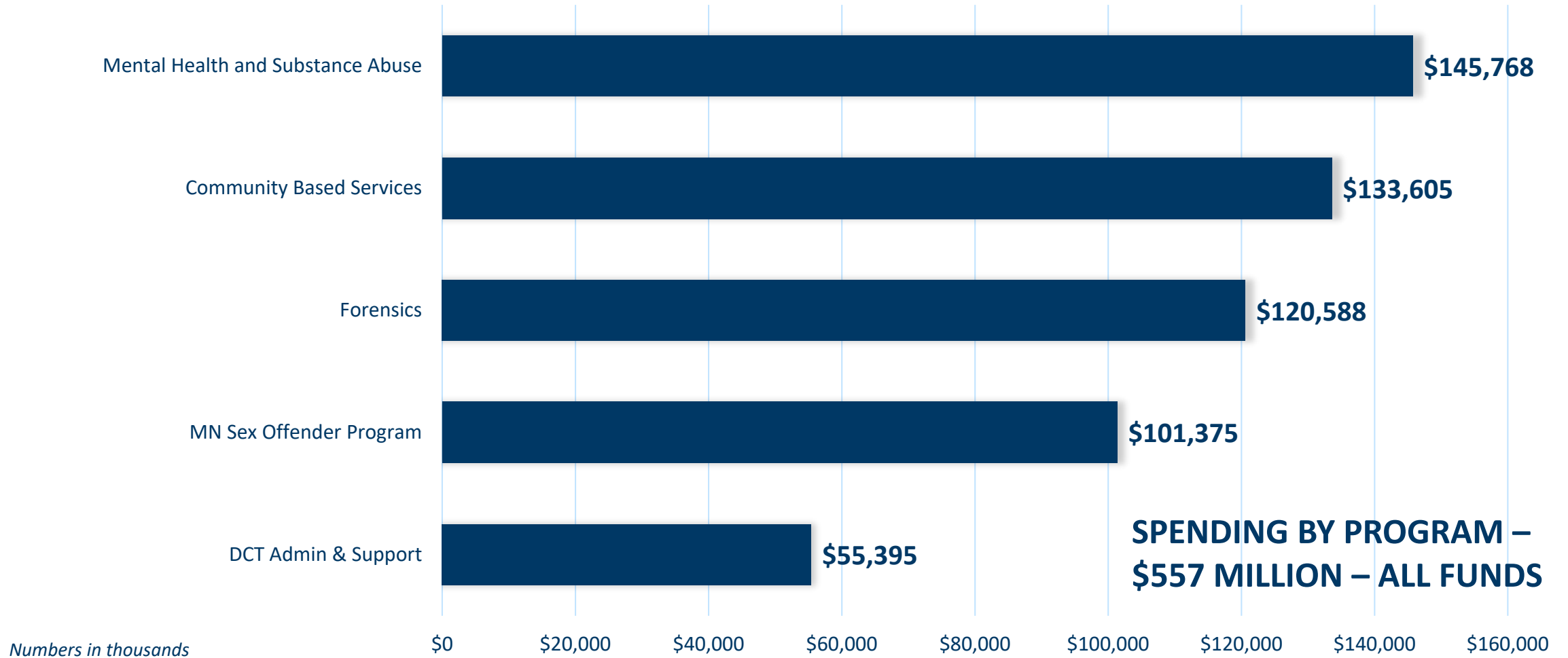


DHS FY 2022 Expenditures: \$23.2 billion

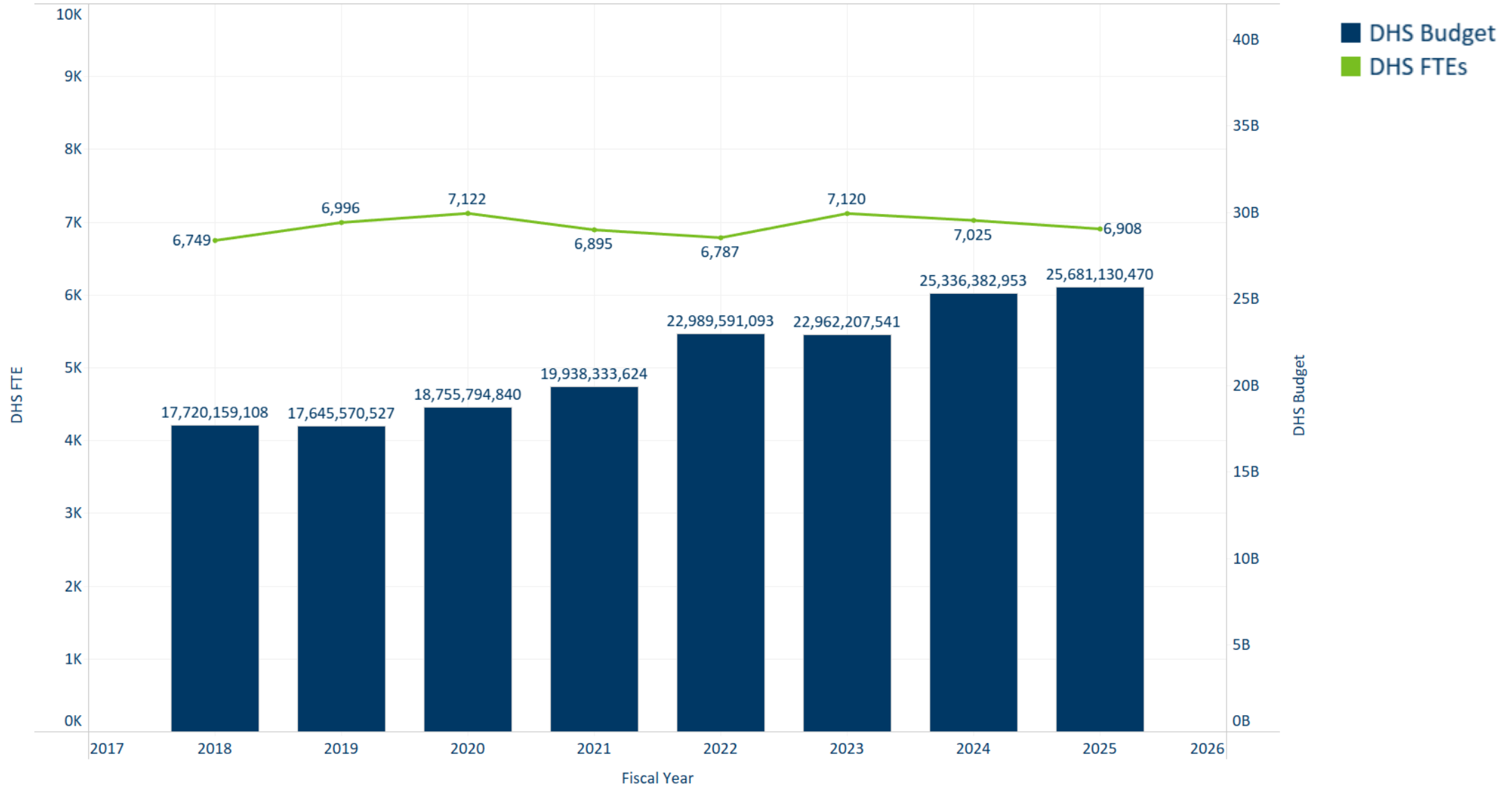


Data Source: BPAS;
November 2022 forecast

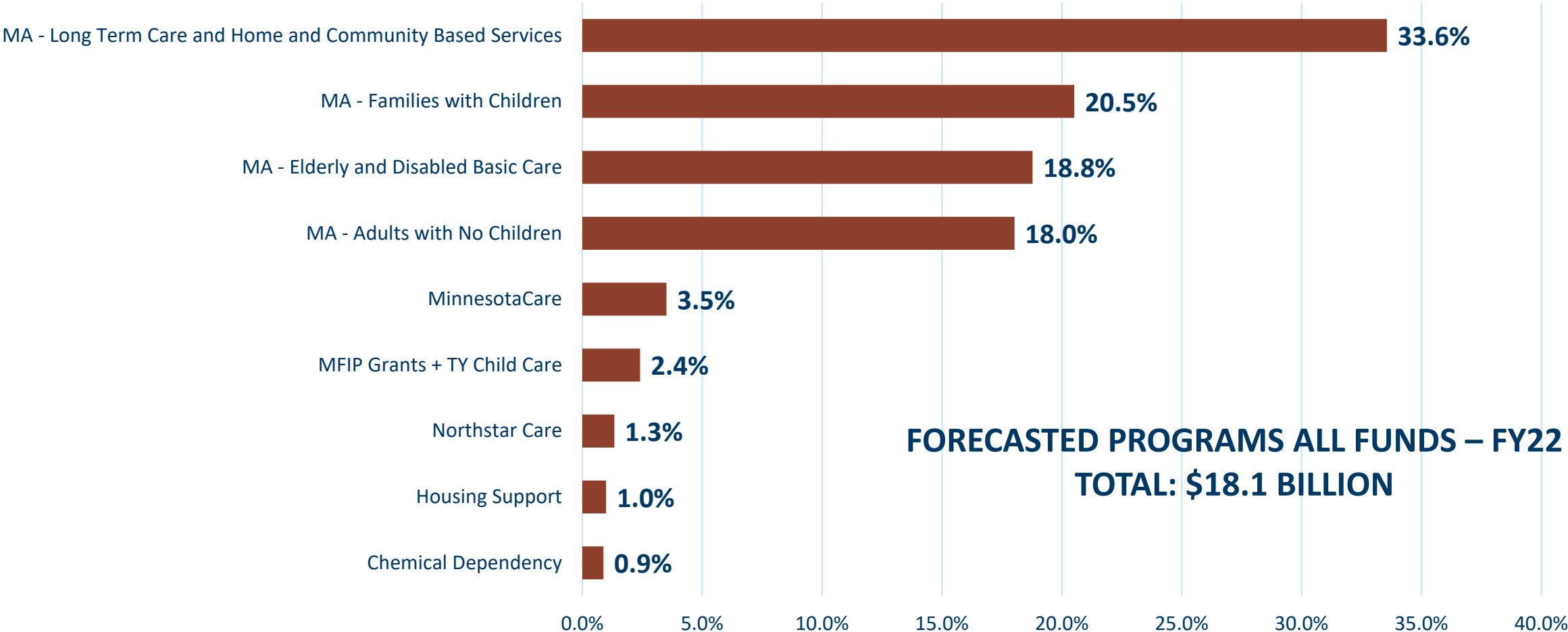
Direct Care and Treatment



FY Increase in DHS FTEs and DHS Budget

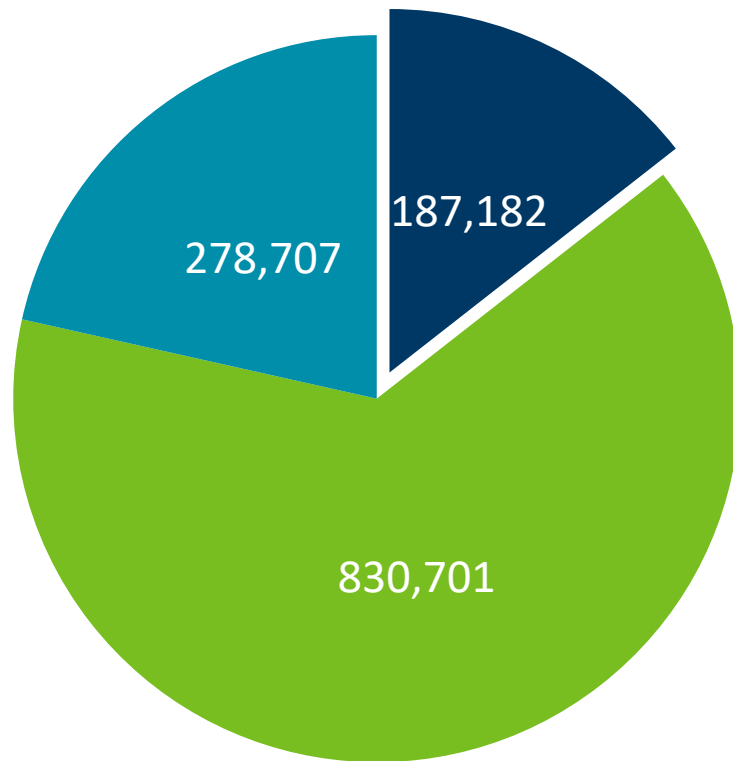


Forecasted programs – November 2022 forecast



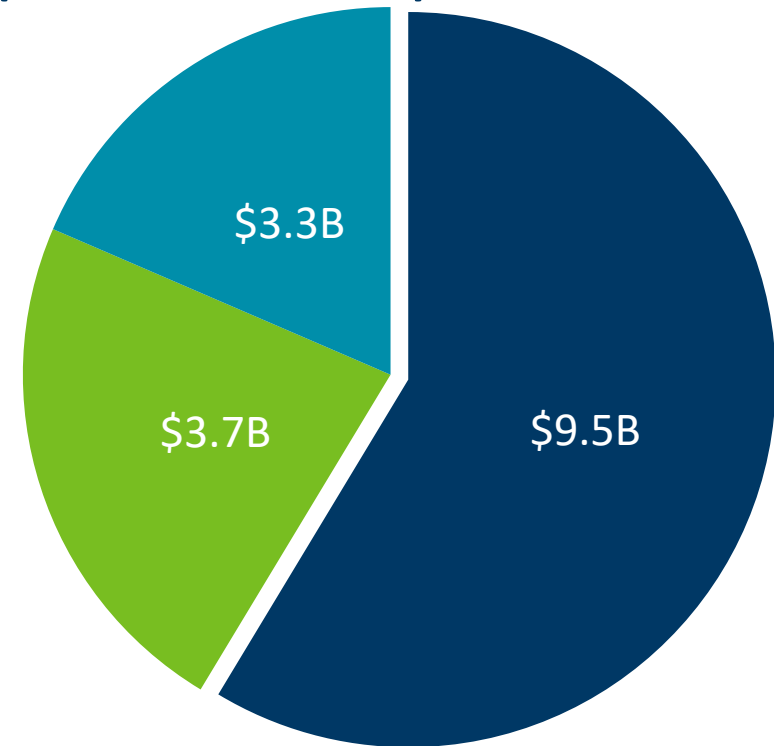
Medical Assistance (FY2022)

Average monthly enrollees

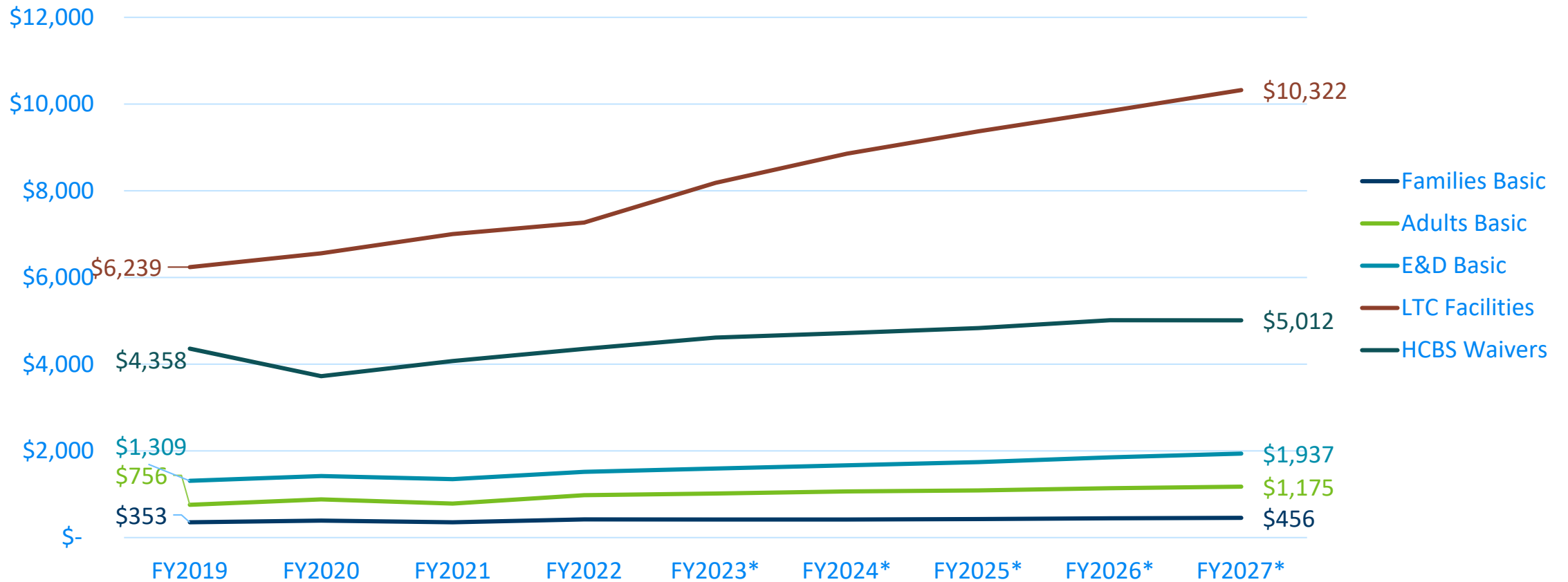


Total expenditures (state and federal) = \$16.5 billion

- Elderly & disabled (inc. LTC)
- Children & families
- Adults w/o children



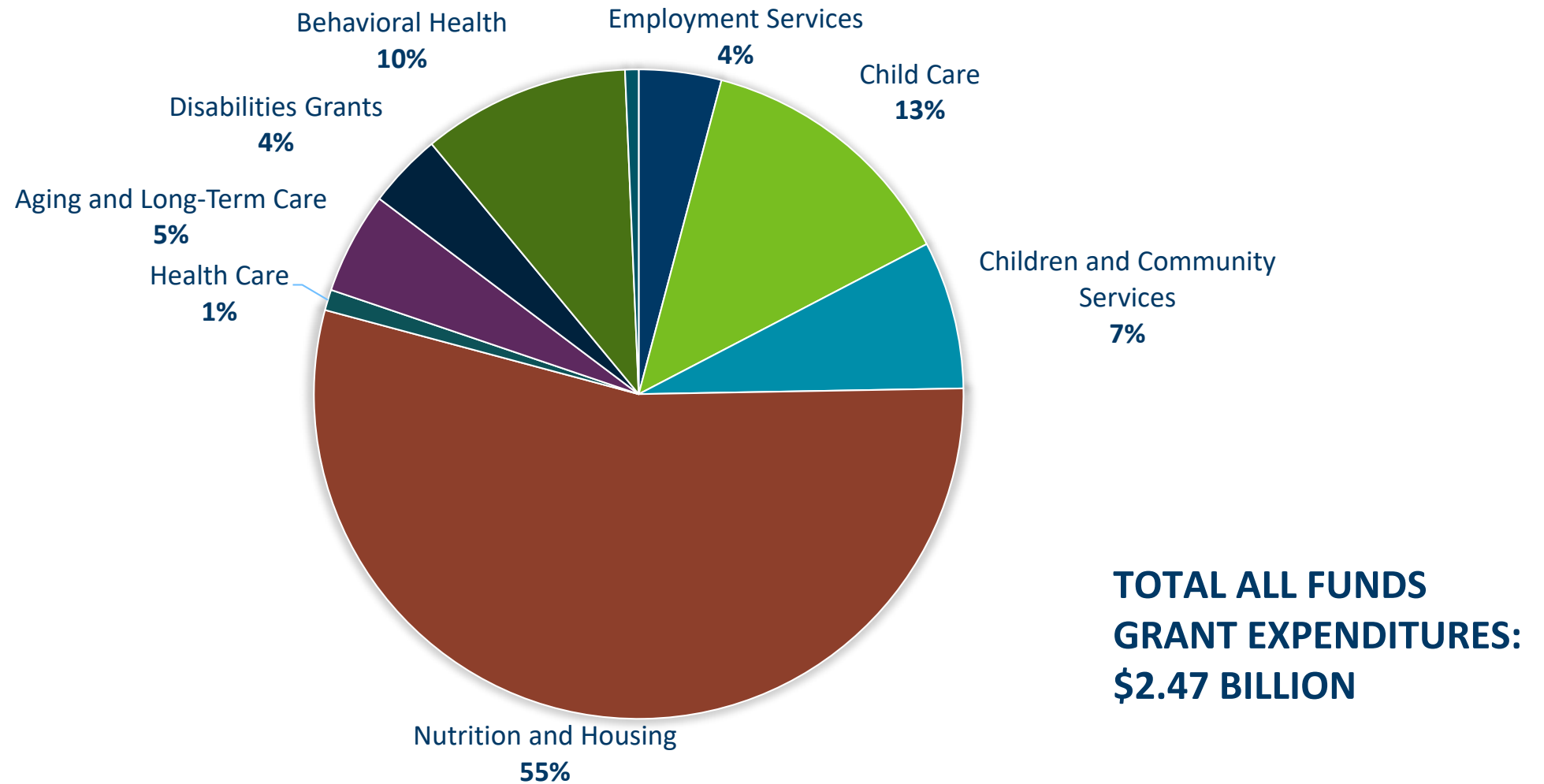
MA Average Monthly Cost Per Enrollee



DHS End of Session 2020 Forecast

*Projected

Grant Expenditures All Funds – FY 2022



Office of the Commissioner

- **Deputy Commissioner for Agency Effectiveness**
Shireen Gandhi
Finance, Compliance, Service Transformation, Process Improvement, Equity
- **Deputy Commissioner for Communications and Relations**
Nikki Farago
Legislative, County, Tribal, Community, Federal Relations
Communications, Employee Culture, Office of Equity and Inclusion
- **Chief of Staff**
Stacy Twite
- **General Counsel**
Amy Akbay

Direct Care and Treatment Services

Marshall Smith, Health System CEO

- **A specialized behavioral health system for those others cannot or will not serve**
- **DCT serves 12,000 patients annually, has 5,000 employees and is about the size of the CentraCare Health System in central Minnesota**
- **Includes:**
 - **12 inpatient psychiatric facilities (Anoka-Metro Regional Treatment Center and the Forensic Mental Health Program in St. Peter are the largest)**
 - **Five inpatient substance use disorder treatment facilities**
 - **Nation's largest secure sex offender treatment program in Moose Lake and St. Peter**
 - **Outpatient medical, psychiatric and special care dental services**
 - **Group homes, vocational programs and crisis services for more than 400 people with disabilities**
- **Achieved 1 of 4 steps on the way to the Malcolm Baldrige Quality Award**

DHS Office of Inspector General

Kulani Moti, Inspector General

- **Conducts background studies to determine if a health and human services worker has committed an act that disqualifies them from providing care.**
- **Monitors compliance with licensing laws and rules and investigates maltreatment and licensing violations.**
- **Audits and investigates provider and recipient fraud, waste and abuse in public programs administered by DHS.**
- **Recent activities:**
 - **Refocused program integrity services on preventing and predicting financial fraud, waste and abuse, starting with proactive, data driven, equitable approaches in the Child Care Assistance Program.**
 - **Transforming the child care licensing system and modernizing child care licensing regulations.**

Other DHS Administrations

- **Healthcare Administration**
Cynthia MacDonald, Assistant Commissioner
- **Children and Families Administration**
Tikki Brown, Assistant Commissioner
- **Aging and Disabilities Services Administration**
Natasha Merz, Interim Assistant Commissioner
- **Behavioral Health, Housing, and Deaf & Hard-of-Hearing Administration**
Eric Grumdahl, Assistant Commissioner

Going forward, we intend to be as Trustworthy to the people of Minnesota for doing our work in a more flexible and responsive fashion as we are to the taxpayers of Minnesota to have a solid approach to accounting for funds spent – especially through an ongoing workforce shortage.

What is the Medicaid Decision Making Initiative?

Objective:

- **Establish decision-making authority, approval requirements, and clear accountability for new Medicaid policy adoption, changes to policy and operations, and fiscal impacts**

Outcomes:

- **Assigns formal decision-making authority to the State Medicaid Director**
- **Brings together key leaders and subject matter experts across the agency to discuss and advise Medicaid policy and operations**
- **Establishes clear roles and shared definitions in the change and implementation processes**
- **Develops a formal and documented decision-making process utilizing an AgileApps database**

What Does the Contract Integration System Do?

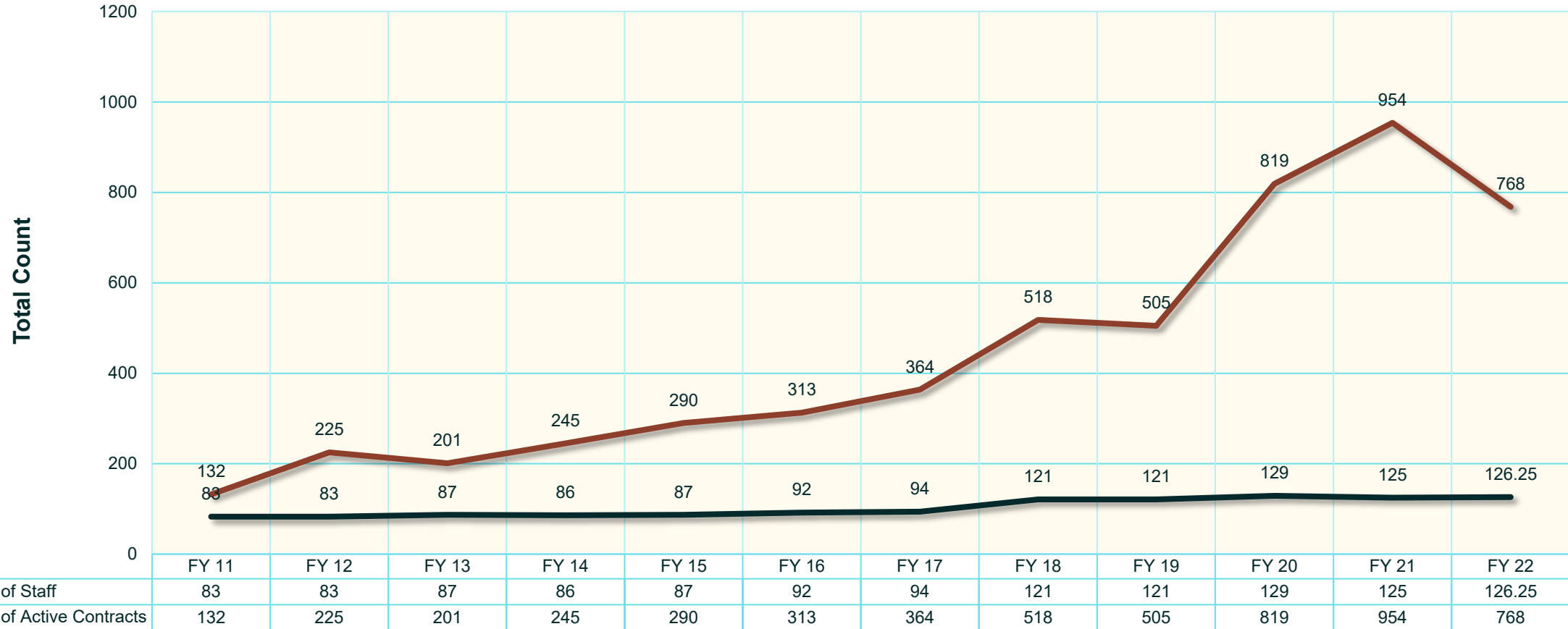
- **Moves our grants/contracts work into the 21st Century by converting the work from a paper to an electronic system for the first time in state history on a system called Agile Apps – not a decades-old mainframe system.**
- **Operates like on-line ordering applications that keep telling you that you can't place your order until you complete all the required fields.**
- **Saves all the documentation in a central system organized by grant category, date of the work, who completed the steps, etc.**
- **Allows us to pull data to show compliance levels, speed of the work, number of times certain steps are problematic, equity in grant making, etc.**

SUBTRACT Progress in Grantmaking

- Looking for additional opportunities to reduce the number of contracting/ grant-making steps and the length of time takes to get both single source and RFP grants out the door.
 - Initially identified 85 steps for RFPs and 61 for single source.
 - Will already reduce that number to 73/54, through CIS implementation as well as elimination of duplicative steps.
 - Full implementation of the CIS will cut another 10-12 steps in this process, resulting in an **almost 30% reduction in the number of steps to get grants out the door without compromising accountability and oversight.**

Example of Growth - Behavioral Health Division, Number of Contracts

Behavioral Health Division, Count of Staff compared with Number of Active Contracts by Fiscal Year (FY)



- **From 2018-2022:**
 - **Our overall budget grew by 30%, while our office staff grew by 2%.**
 - **Our Medicaid budget grew by 31%, while our staff declined by 2.74%.**
- **With the rapid influx of COVID state and federal dollars as well as state surpluses, our usual formulas for FTEs in individual fiscal notes did not keep up with the need in HR, Finance, Compliance, and Legal.**
- **Workforce shortage doesn't help either.**
- **Expect requests for additional staffing to get funding out to providers as soon as possible after session.**

DHS's Biggest Possibilities for Minnesotans

- **Develop a short, powerful set of metrics of disparity – income, employment, housing, longevity, hospital admissions – build equity into the walls of DHS and see the metrics MOVE.**
- **Demo new population-specific healthcare models like IHP, Population-specific Total Cost of Care**
- **Expand MH/Addiction facility capacity and integrate Behavioral Health strategies with Housing Strategies**
- **Take a stand for Racial Justice, Gender Justice, Housing Justice, Health Justice**

DHS's Biggest Possibilities for Minnesotans

- **Initiate work to make Minnesota the best place for all children – including Black, Brown, and Indigenous children - to grow up.**
- **AND keep MN in the top 5 states nationwide for older adults and people with disabilities to live in.**
- **Demo new models for older adults and people with disabilities to live in integrated settings in a workforce shortage.**
- **Remove any unnecessary barriers to patient progress through the MSOP and other civilly committed DCT services.**
- **Reduce our carbon footprint with fewer and solar-powered buildings, electric fleets and an educated workforce.**

DHS's Biggest Possibilities for our Partners

- **Develop robust approaches to co-creating our work.**
- **KNOW who gets our grants and move that measurement to those who most need our services to live full lives in community.**
- **Build out our systems and processes to create a seamless state-funded, county/tribal-administered Full Human Services System.**
- **Subtract unnecessary rules and regulations that don't impact health and safety or prevent fraud or abuse for a time of workforce shortage.**
- **Become a systems Product Organization committed to the integration of Human Services.**
- **Make all of our work widely accessible to all Minnesotans.**

DHS's Biggest Possibilities Inside DHS

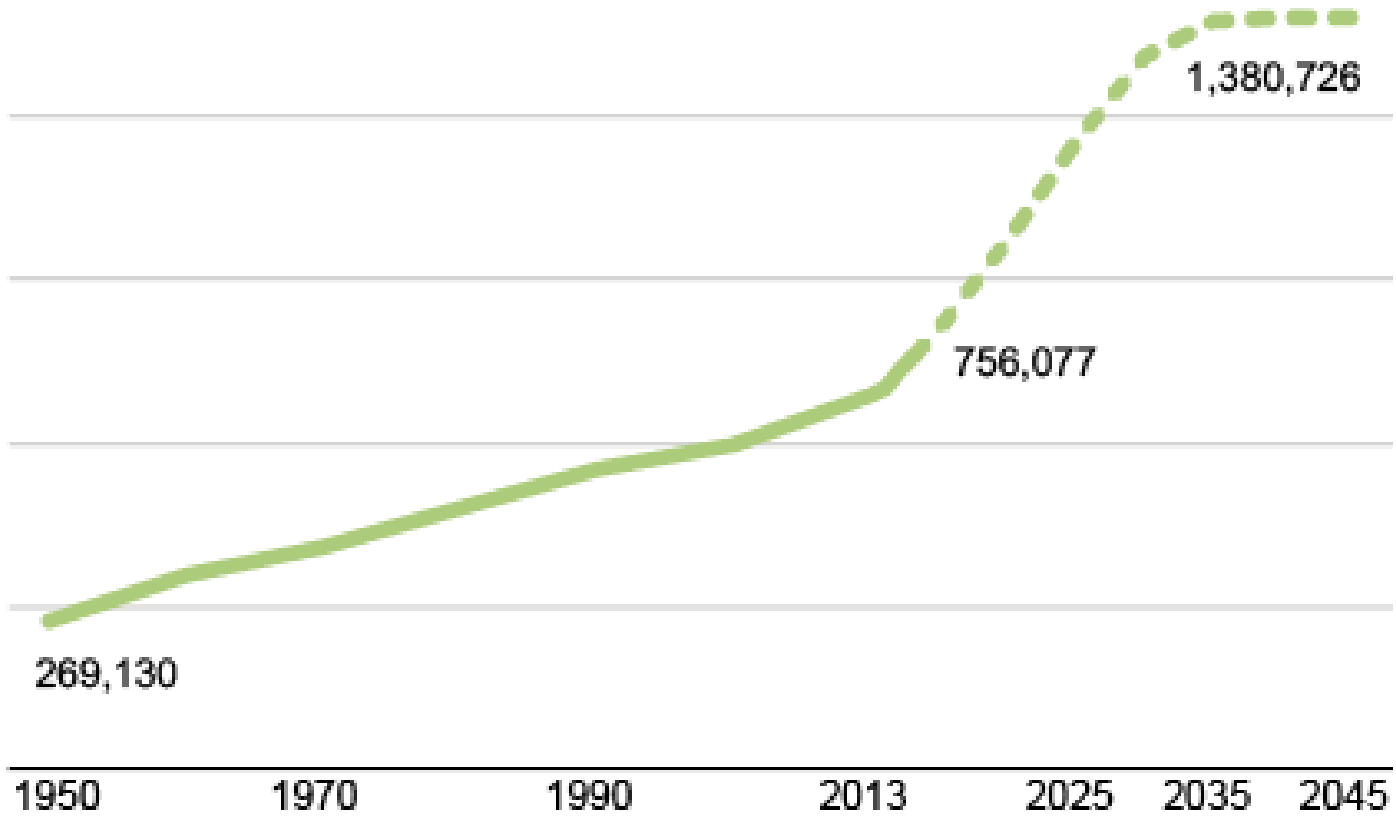
- **Improve DHS's capacity as a flexible, agile, responsive customer service organization.**
- **Lock in Trustworthiness with our Compliance Plan, Medicaid Decision-Making Process, and Contract Integration System.**
- **Achieve the Malcolm Baldrige Award for DCT.**
- **Move to the 5th or 6th pillar of our Anti-Racism/Multicultural Continuum and accelerate progress in the inclusion of the LGBTQIA2S+ community, Veterans, and People with Disabilities.**
- **Work toward the realization of our Employee Vision Statement, making DHS a Best Place to Work and to develop careers, promoting from within whenever possible.**

The state of Long Term Care and Workforce



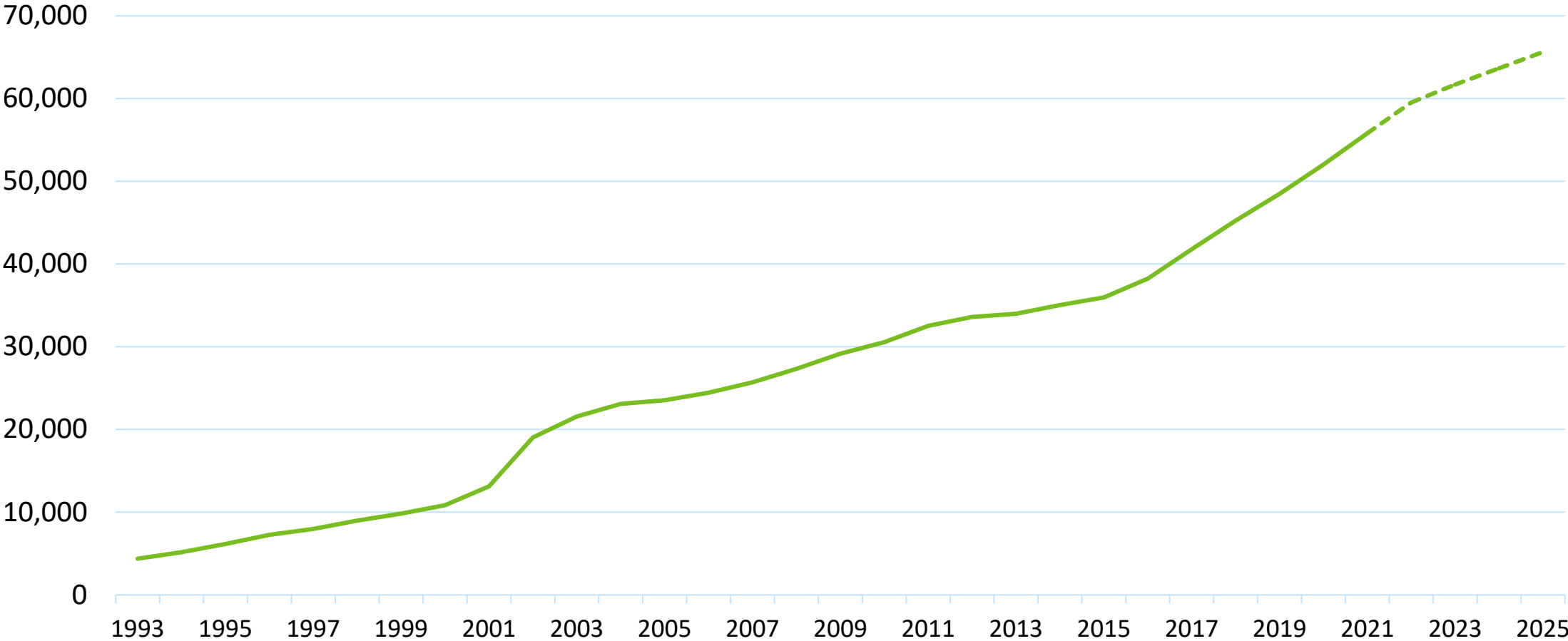
Aging of the Population in Minnesota

Minnesota population age 65 years and older

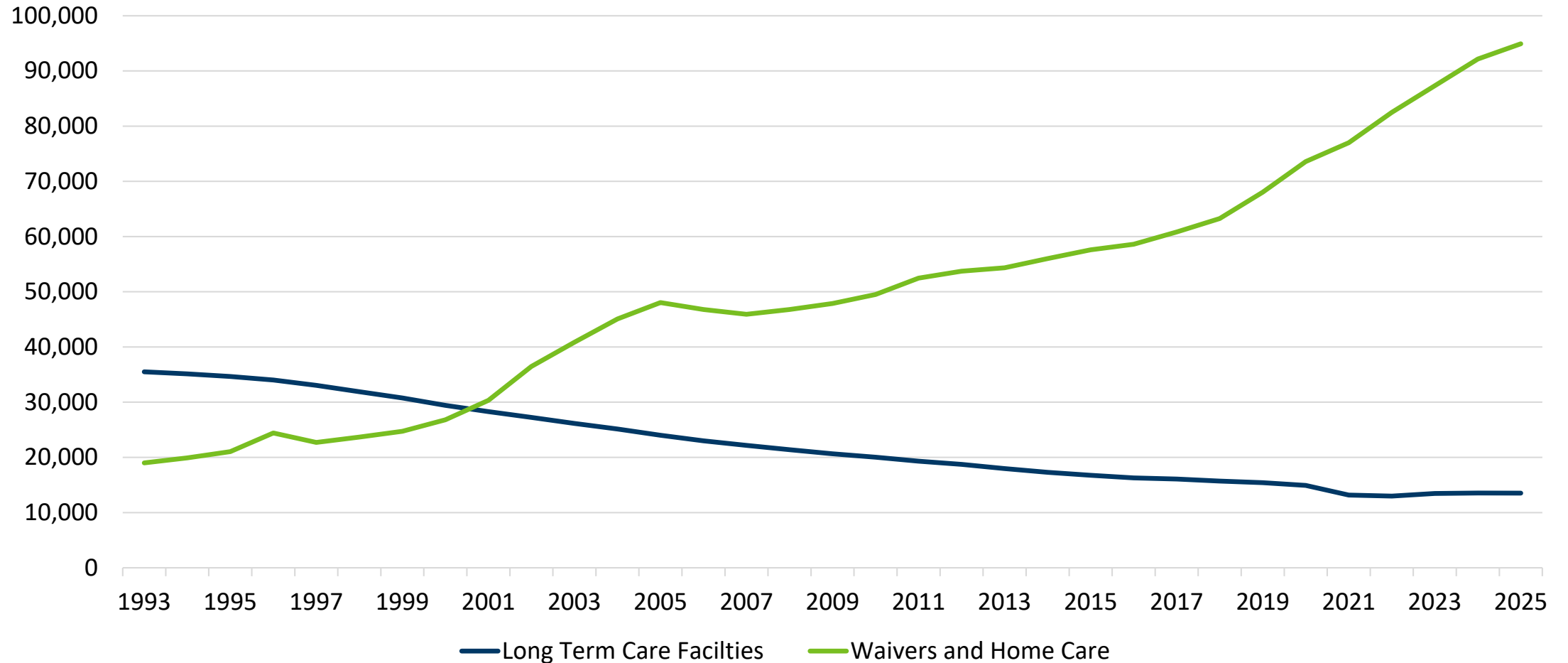


Minnesota COMPASS, "Minnesota's Aging Population: Prepare for Lift-Off", 2014

Growth of the Disability waivers

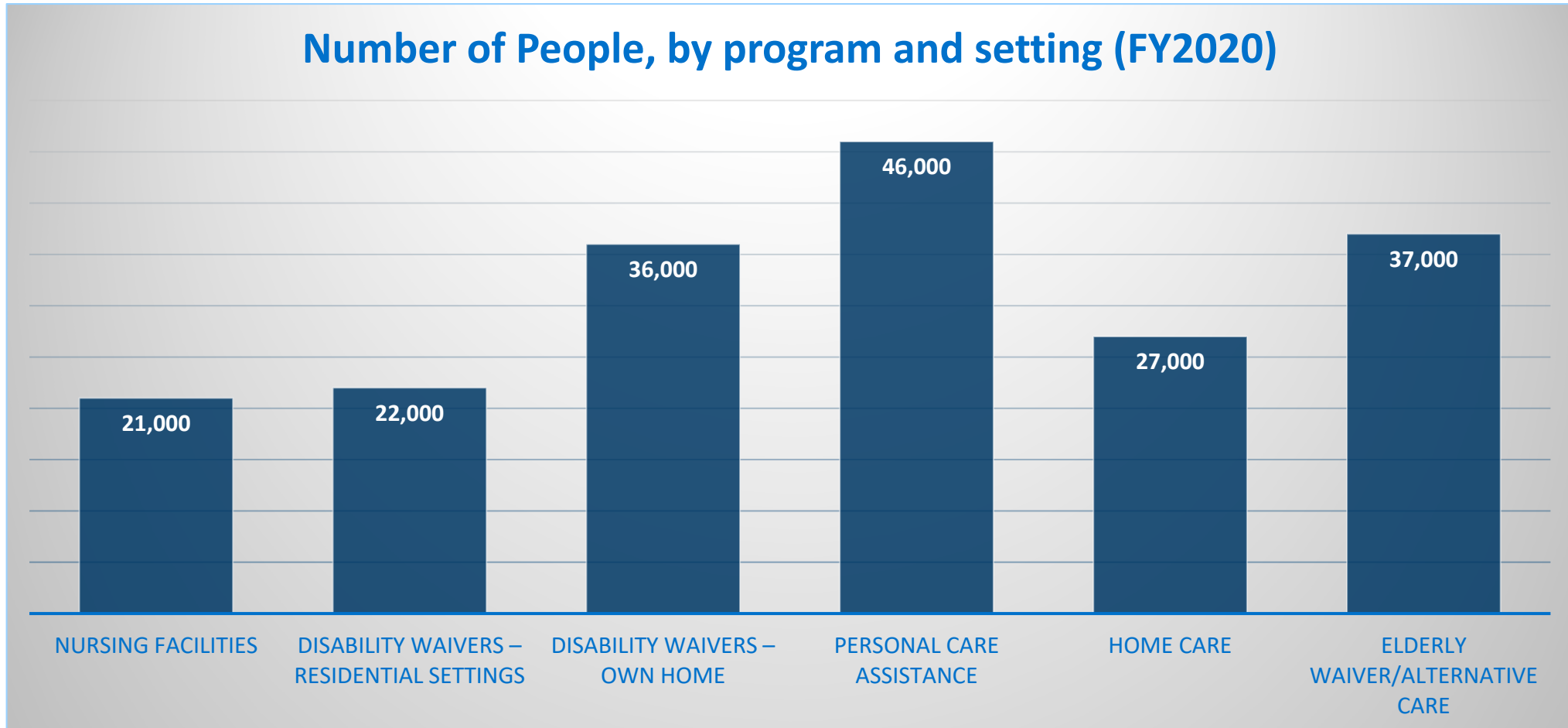


Changes in the Number of People Served and how they receive long term care support



How people choose to receive long term care support

Number of People, by program and setting (FY2020)



Caring Professions Workforce Support

- The average wage in the Caring Professions is about 30% below the average MN wage while the average MN wage has risen 5.6% over the past year as employers compete for workers.

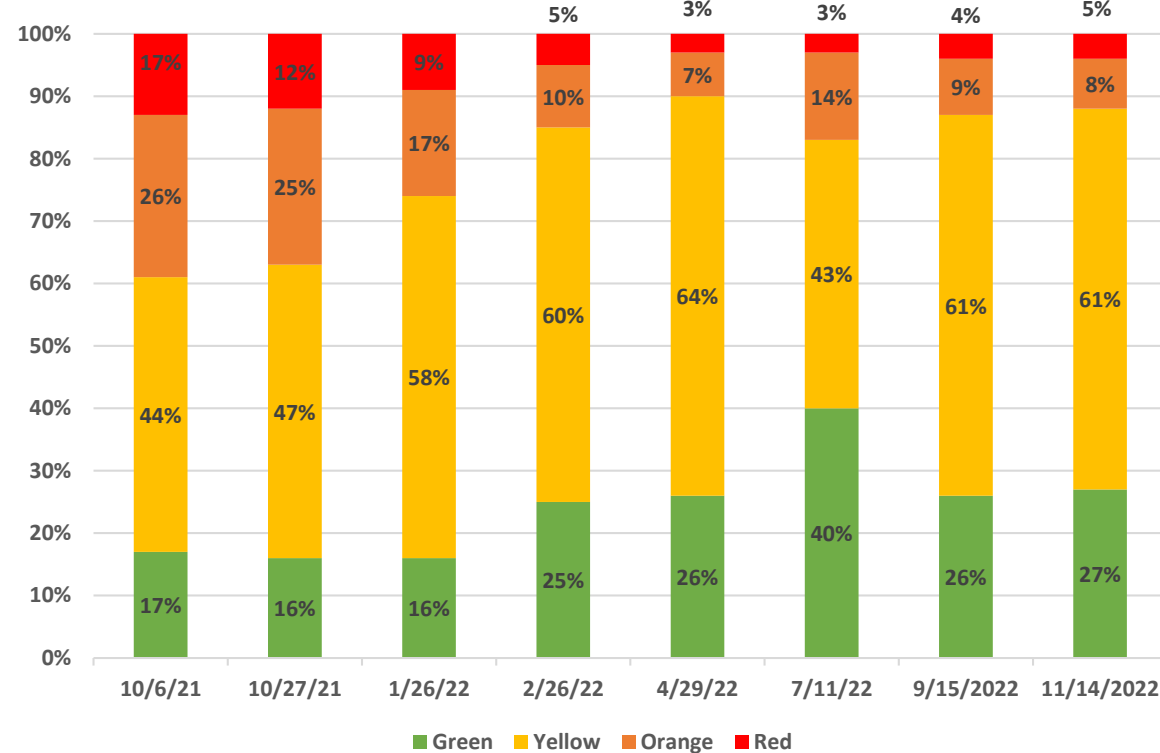
- Also an equity issue:

	Childcare Workers	PCAs	Nursing Assistants
% BIPOC	19%	35%	46%
% Female	95%	77%	87%
% on Medical Assistance	19%	40%	27%
% on SNAP Food Benefits	7%	14%	21%

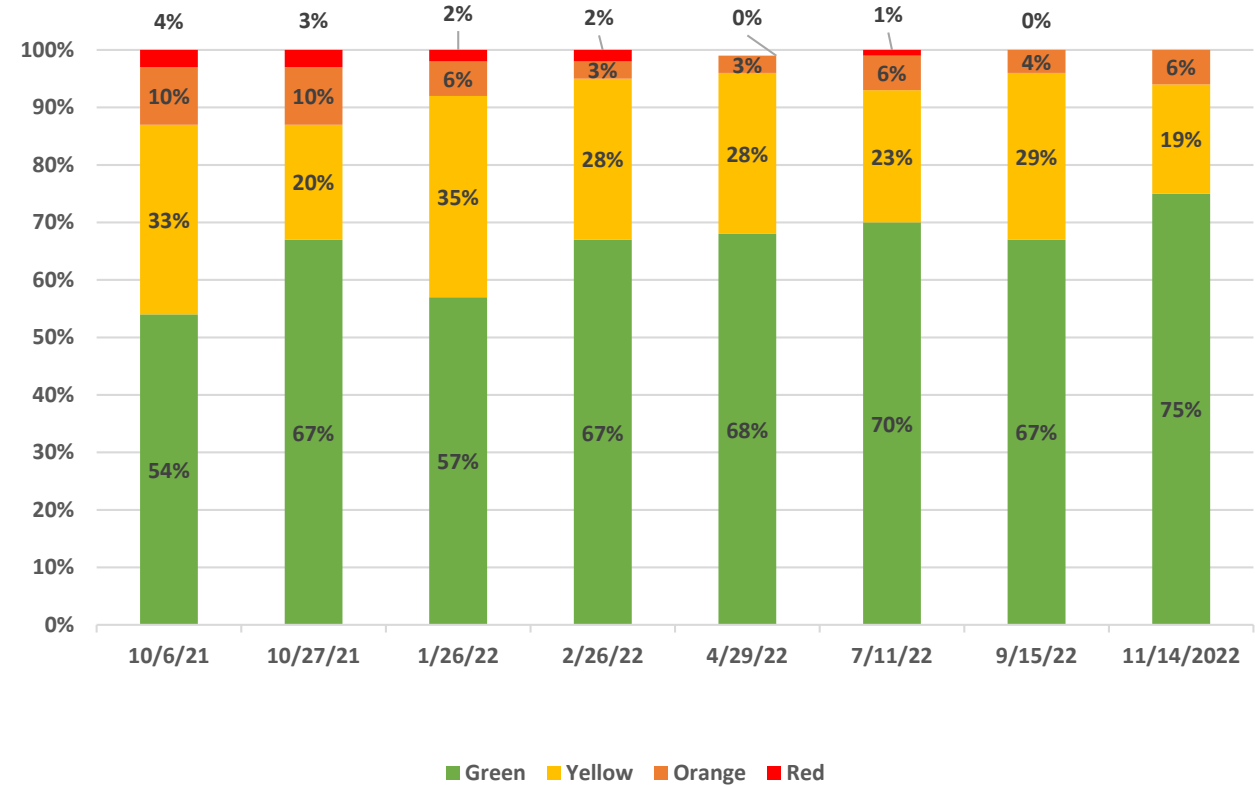
MDH-LTC Crisis Staffing Self-Assessment Results

Q: Are you able to accept new admissions?

SNF: Are you able to accept new admissions?



ALF: Are you able to accept new admissions?

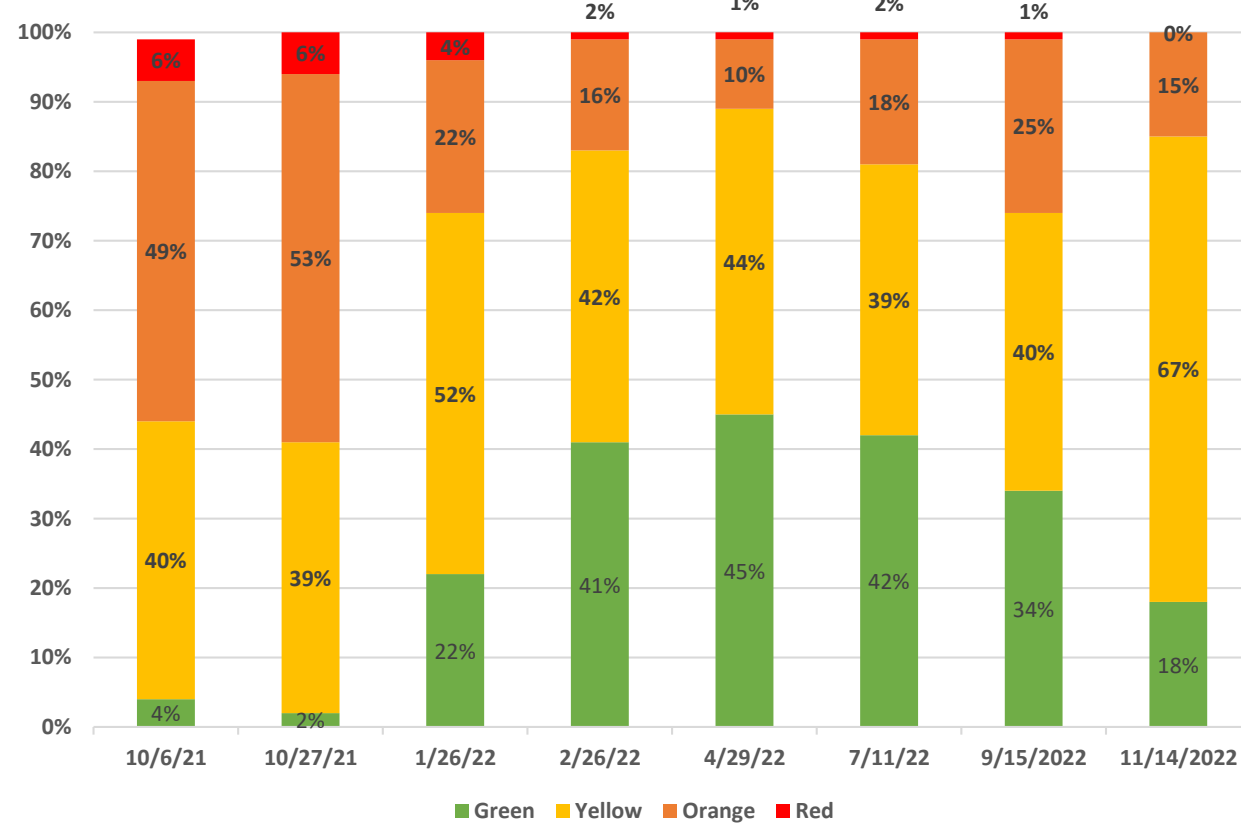


- RED** Crisis Level: Unable to take admissions today and likely for the foreseeable future
- ORANGE** Crisis Level: Unable to take admissions today and possibly for the foreseeable future
- YELLOW** Crisis Level: Assessing admissions based on acuity levels-only taking those with minimal care needs
- GREEN** Crisis Level: Normal admission practices are uninterrupted

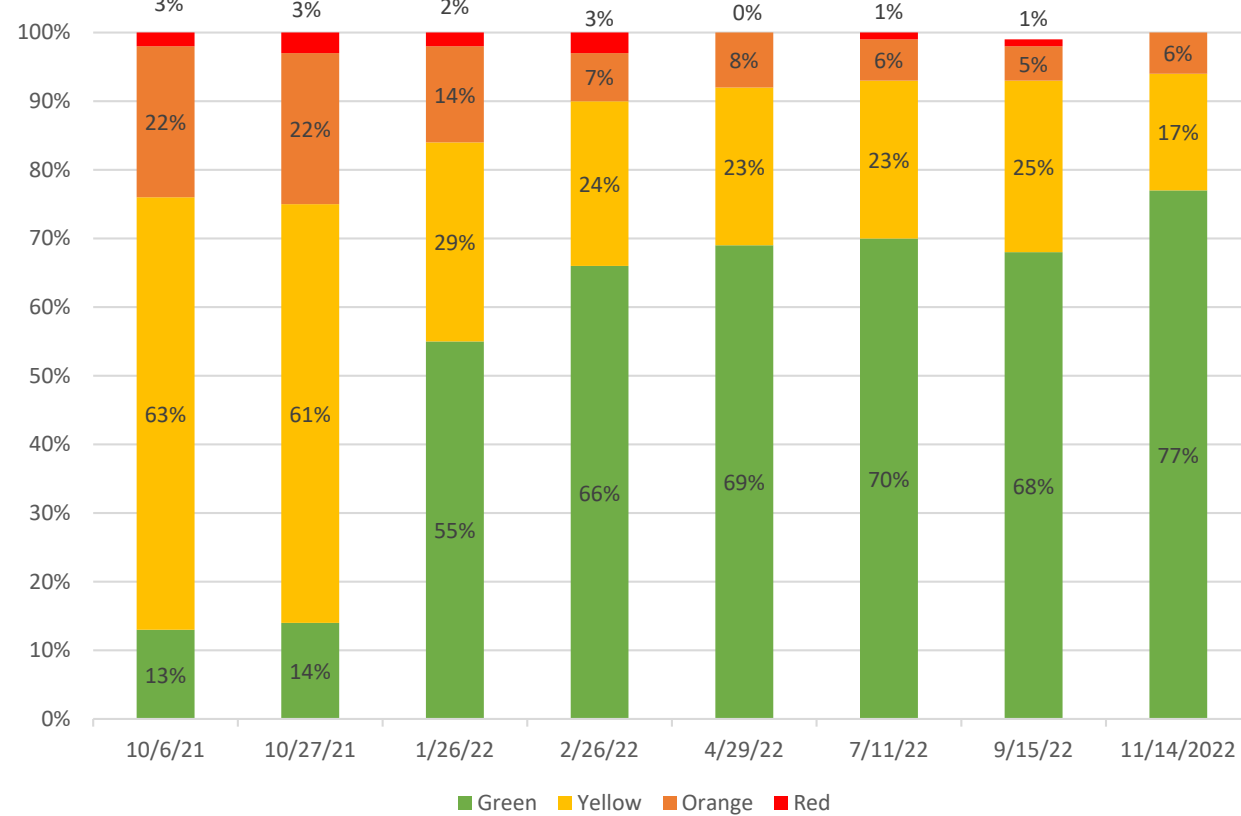
MDH-LTC Crisis Staffing Self-Assessment Results

Total Average Score by Facility Type

SNF: Average Score All Categories

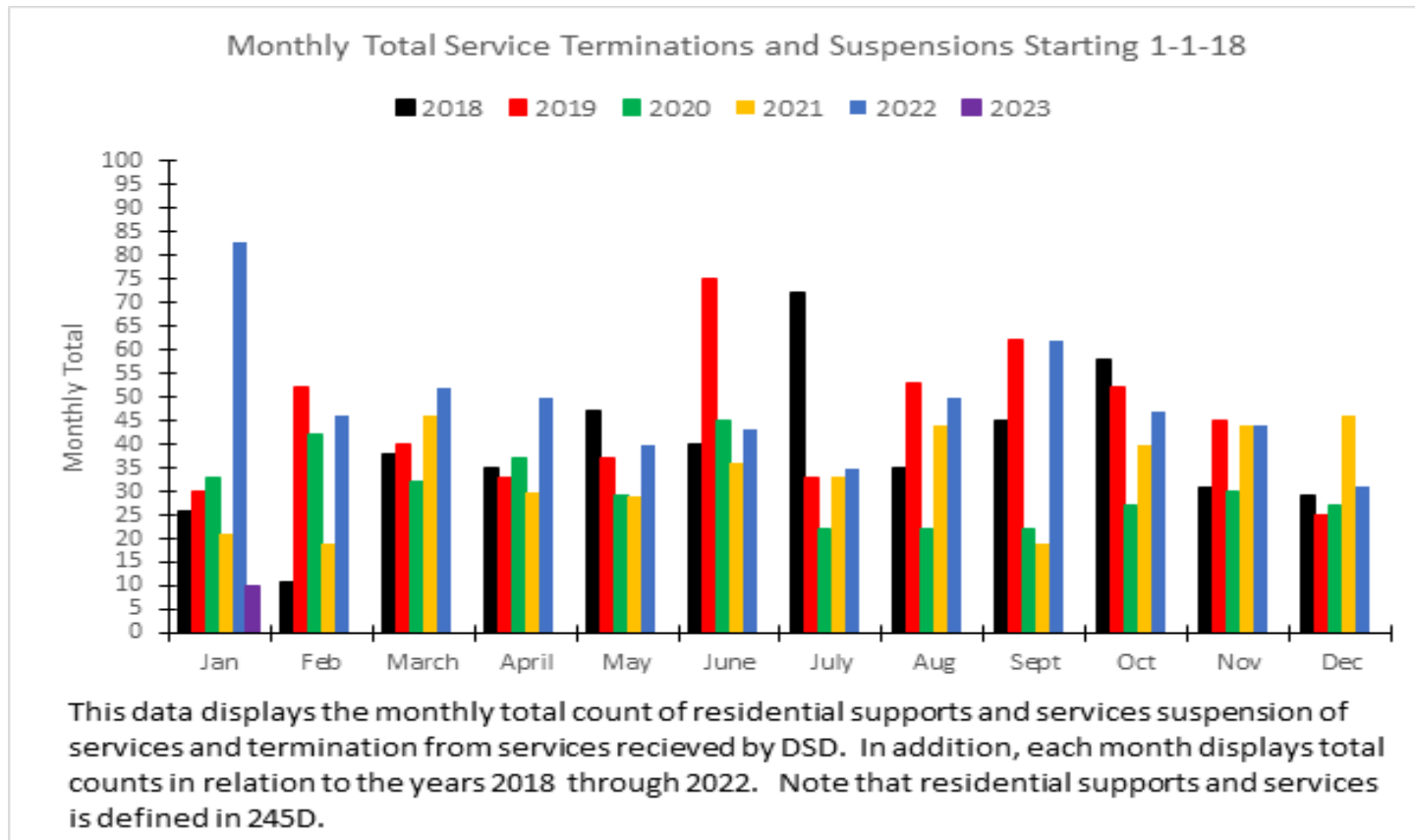


ALF: Average Score All Categories



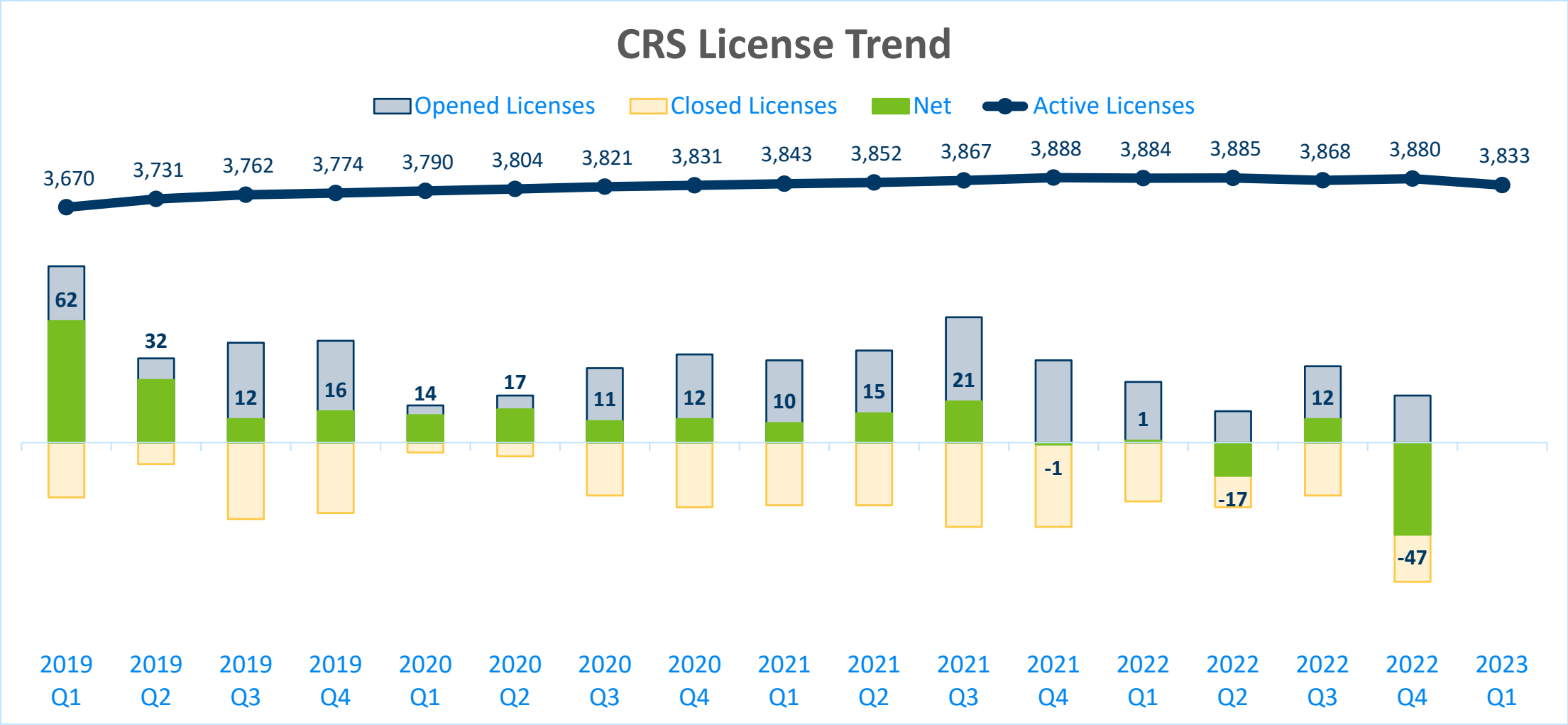
RED 8.5-10 Average Score
ORANGE 7.0-8.4999 Average Score
YELLOW 5.5-6.999 Average Score
GREEN 4.0-5.4999 Average Score

Provider capacity, service terminations



- Providers notify DHS when a person's services are terminated.
- Most people whose services are terminated engage in behavior that challenges the system and requires staff with special skills and training.
- When the provider pool is strained, people who require staff with specialized skills are likely to be impacted.

Group Home Licenses – Openings and Closings



Pressures that are Getting Worse

- We still hear the stories of CEOs taking shifts in group homes or LTC facilities, parents taking shifts in group homes, parents picking up their adult children for the weekend when group homes can't staff.
- We hear stories of quality of care suffering with turnover, available workers.
- We hear fears about the small, local senior facilities closing in favor of large, chain, out-of-state providers and families having to travel distances to visit their family members.
- We hear that one NEMT provider has stopped picking up members of Red Lake and White Earth who are on Fee-for-Service MA.

Industry Shifts

- Most providers who talk about “closing” or “going out of business” are more likely to turn over their services to another provider.
- There are providers looking to “open” or “acquire” services in Minnesota because of our above-average payment structures.
- We need a rich mix of service models to allow people choice and models tailored to individuals instead of all nursing homes or all group homes or all home care.
- We should map service locations and strive to have services close to home for as many Minnesotans as possible.

Nursing Facility VBR Forecast

- The Legislature enacted Value-Based Reimbursement for Nursing Facilities in 2015?
- Nursing Facilities in Minnesota are paid for most of their costs over time. Given that generous reimbursement commitment, they are paid 18-24 months after incurring those costs and after their cost reports have been audited for allowable costs.
- While the delay in payment can create cash flow challenges, in 2023, the extra costs incurred during COVID and as a result of the workforce shortage are catching up with the VBR formula.
- The November forecast projects that automatic annual rate increases for nursing homes under VBR will result in \$279 million in additional revenue for nursing homes in the next biennium.

Biggest Possibilities

- *Initiate work to make Minnesota the best place for all children – including Black, Brown, and Indigenous children - to grow up.*
- *AND keep MN in the top 5 states nationwide for older adults and people with disabilities to live in.*