



## The Dept. of Human Services Budget & Medicaid 101

Senate Health & Human Services Committee – 1/23/2025

Elyse Bailey, Budget Director

Diogo Reis, Director, Health Improvement and Benefit Design Division

# The new DHS identity is taking shape



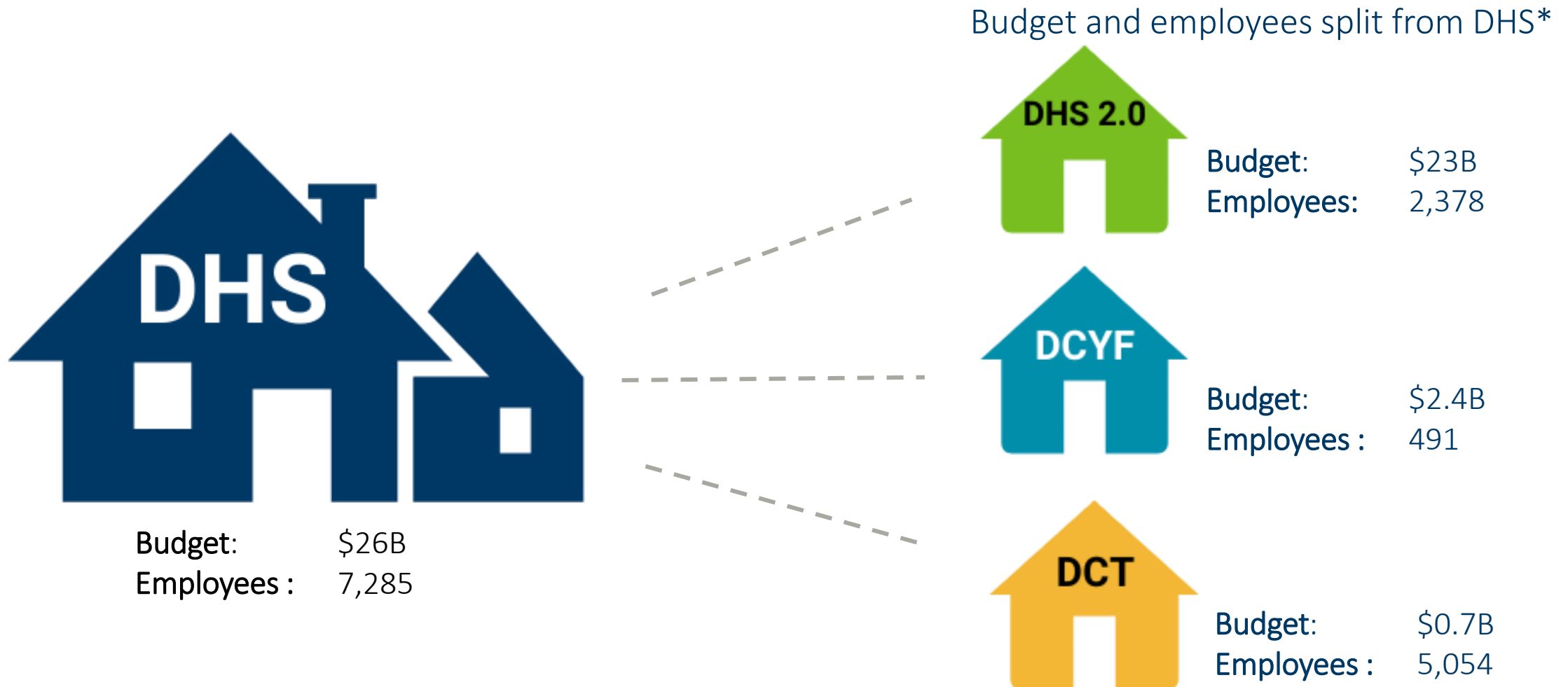
## MISSION

In collaboration with community and partners, DHS supports people to thrive in community and live their healthiest and fullest lives.

## VISION

All people in Minnesota have what they need to thrive in community with no disparities.

# Leading an impactful transformation



\*Data as of FY2024. Includes only budget and employees coming from DHS, does not include any budget or employees coming from DOE or other agencies. Only employees at DHS immediately prior to the split were included in DHS 2.0 and DCYF counts.

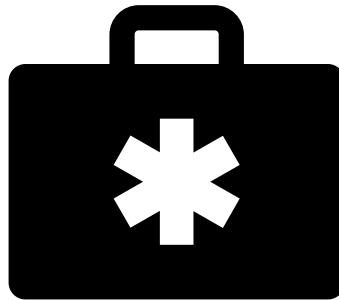
# The New DHS – DHS Administrations



Aging &  
Disability  
Services



Behavioral  
Health



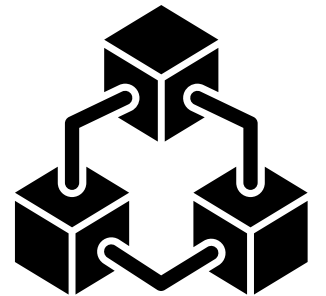
Health  
Care



Homelessness,  
Housing &  
Support Services



Office of  
Inspector  
General



Central  
Office

# DHS directly impacts more than 25% of people living in Minnesota



# Who we serve: Average Monthly People (FY24)

1.3 Million



Medicaid Enrollees

102,000



MinnesotaCare Enrollees

12,000



People receiving LTC in  
Nursing Facilities

89,000



People receiving LTC in their  
homes & communities

34,000



People receiving behavioral  
health services (BHF)\*

837,000



Families with Children  
enrollees in MA

23,000



People receiving General  
Assistance (GA)

21,000



People receiving Housing  
Support

\*Annual unduplicated recipients

# DHS continues to be a top state in health and human services

Minnesota is the **fifth** state nationally for overall health (America's Health Rankings, 2023)



Keeping over 1.3M people in Minnesota covered by public health insurance, including 42% of children.

***"11<sup>th</sup> nationally in health care access, quality and outcomes"***

*(The Commonwealth Fund, 2023)*



Providing quality services and supports for older adults and people with disabilities.

***"1<sup>st</sup> nationally in services for older adults and people with disabilities"***

*(AARP, The Commonwealth Fund and the SCAN Foundation, 2024)*



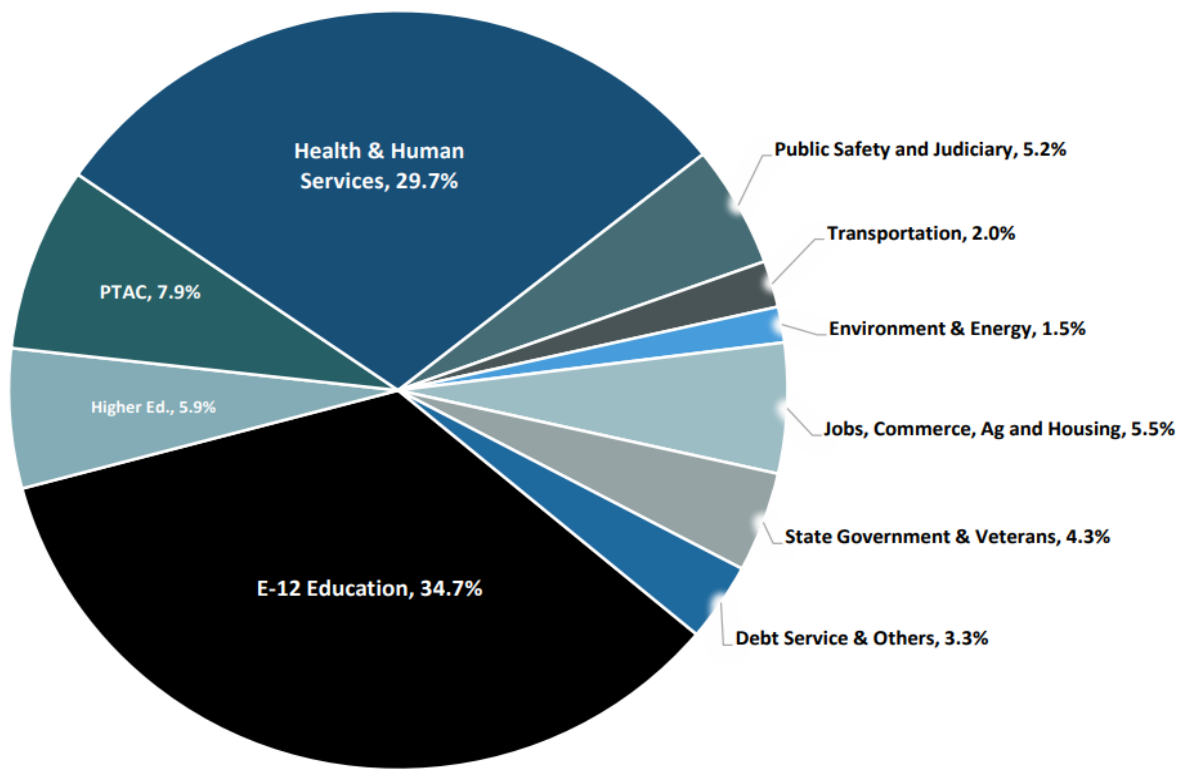
Providing high quality supports for children mental health in the appropriate setting including schools.

***"5<sup>th</sup> nationally in child well-being"***

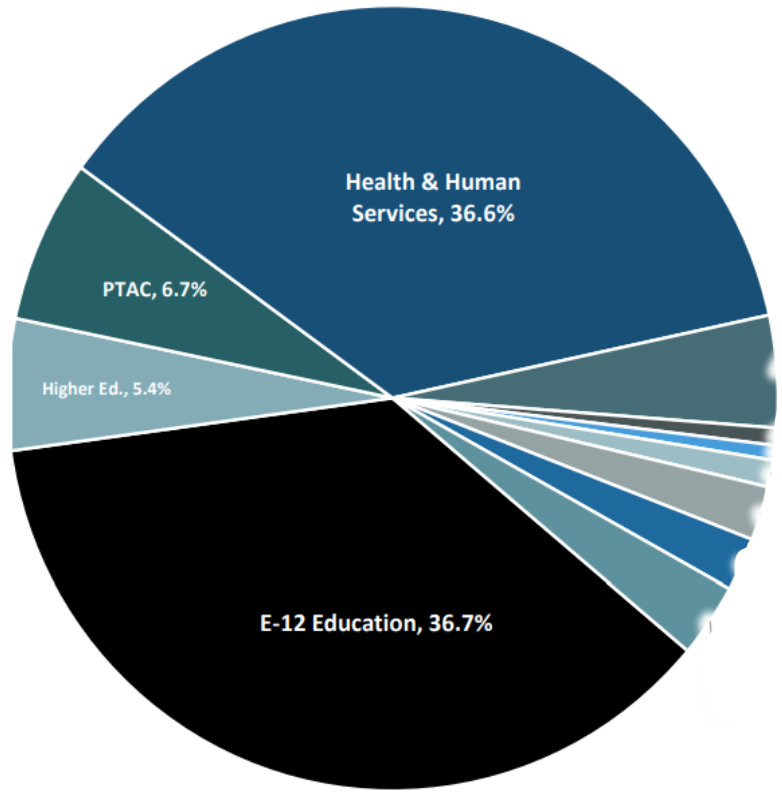
*(Annie E. Casey Foundation, 2024)*

# Health and Human Services in the General Fund

General Fund  
2024-2025 Biennium



General Fund  
2028-2029 Biennium

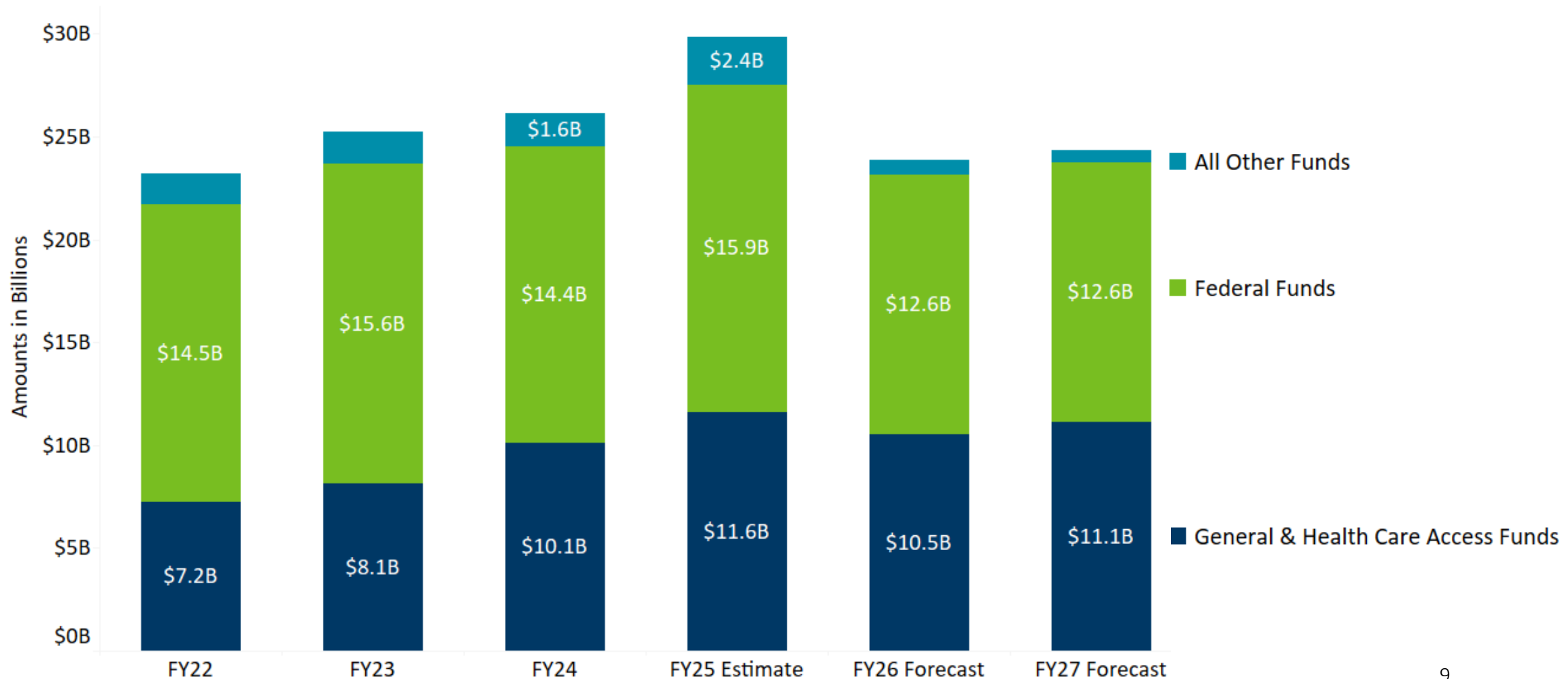


In addition, Health and Human Services is also the largest ALL FUNDS expenditure for the state representing 46% of the FY 2024-25 Biennium budget



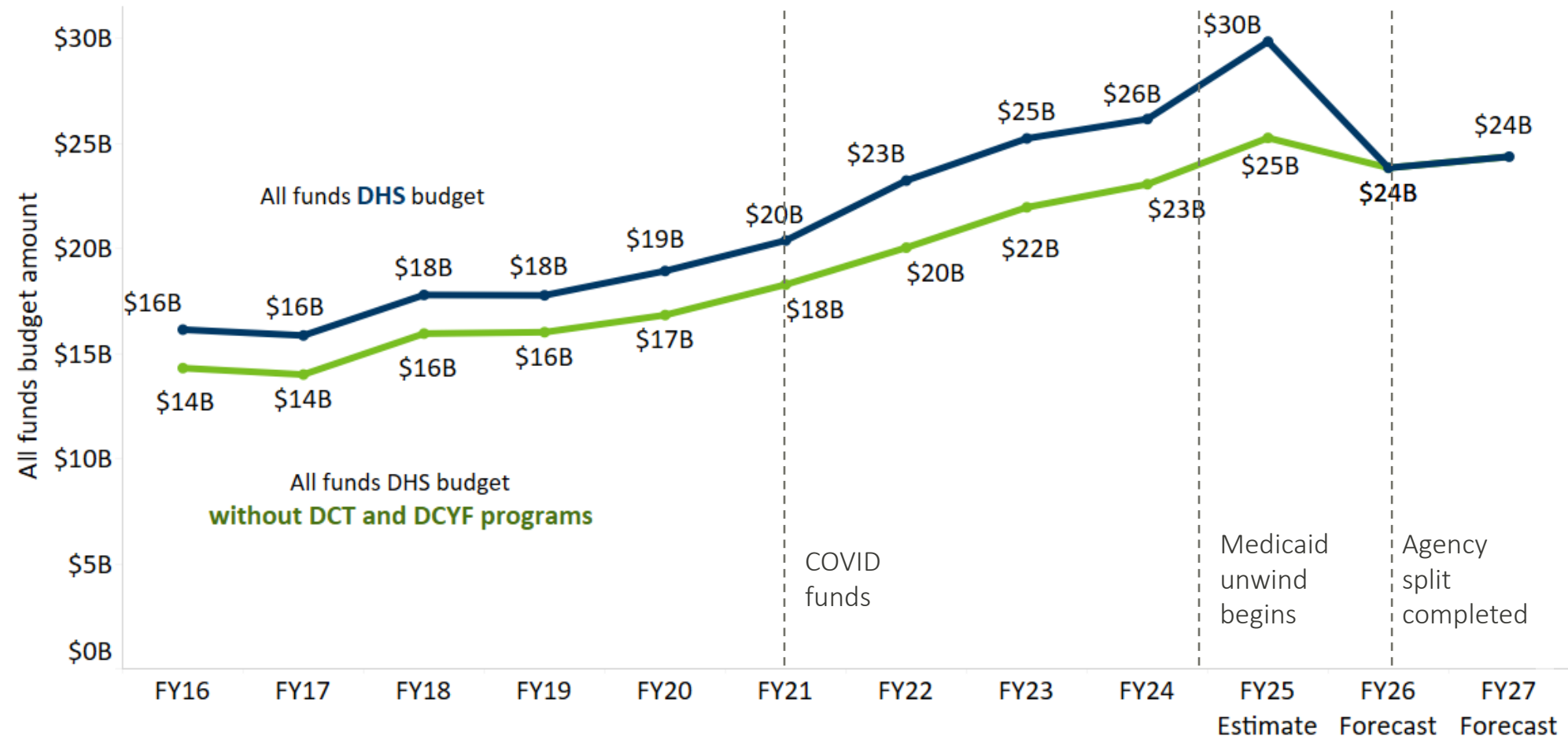
# More than half of DHS' budget comes from federal sources

**Budget by Source of Funding**

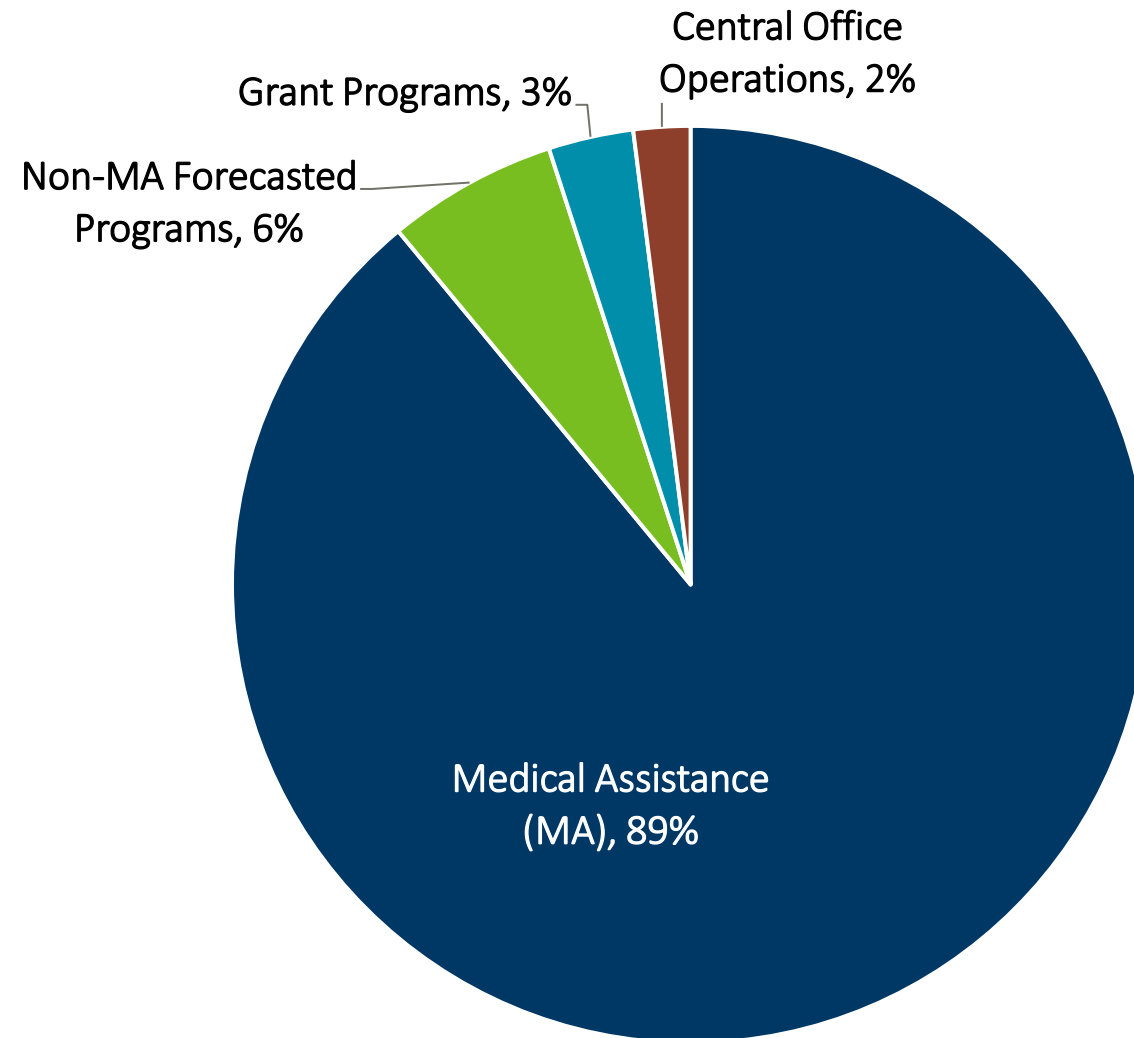


# DHS Budget Over Time

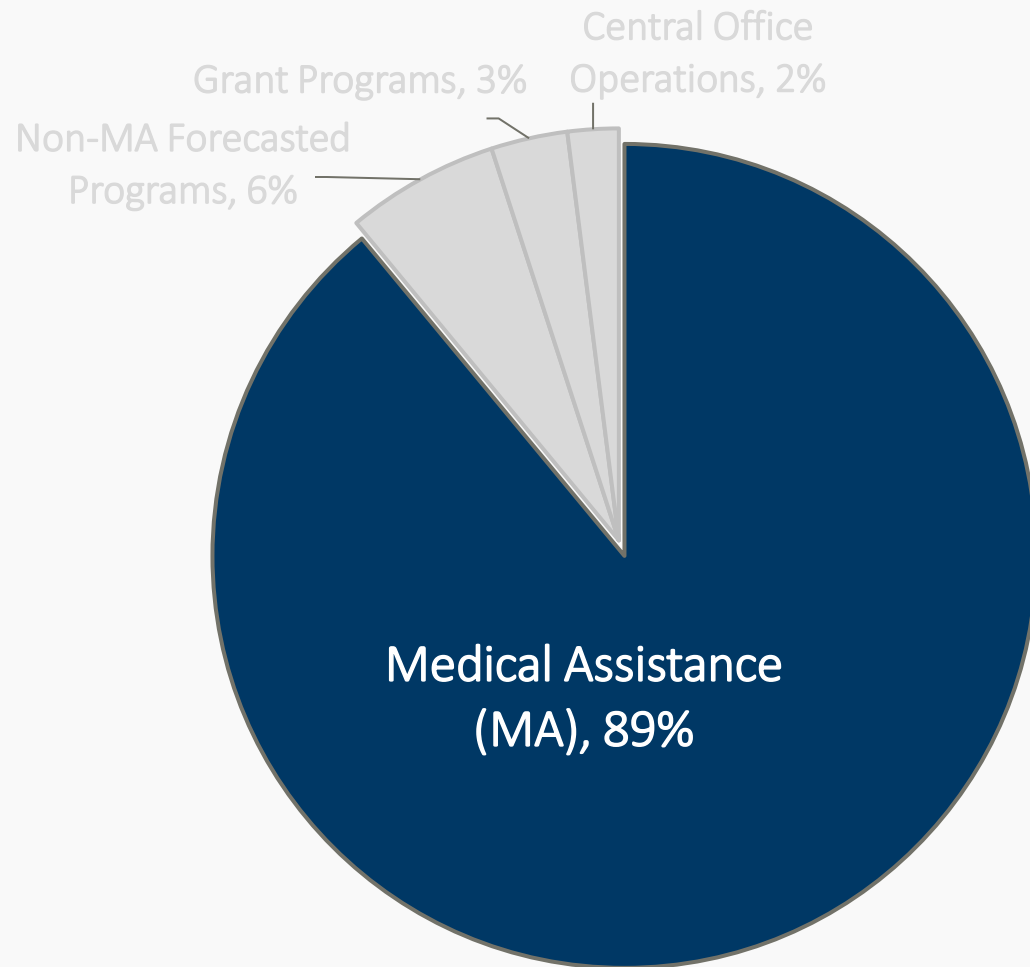
**DHS all funds budget** (with and without DCYF and DCT programs)



# DHS FY 2026 expenditures all funds



# DHS FY 2026 expenditures: Medical Assistance (MA)



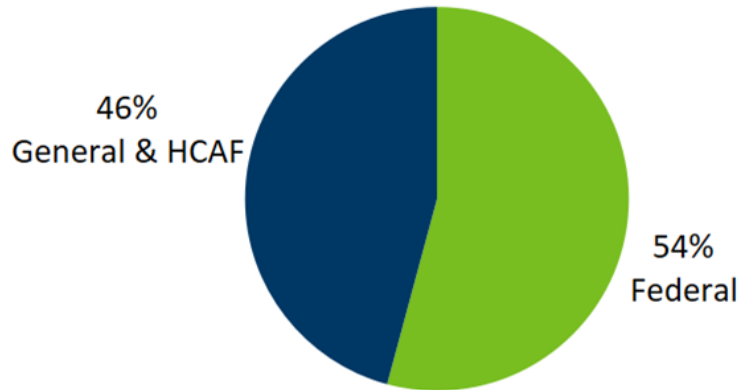
## Medical Assistance (MA)

Health insurance for low-income Minnesotans for:

- **Preventive** and primary health care
- **Behavioral Health** supports, including mental health and substance use disorder services
- **Long-term care** services and supports for people with **disabilities and older adults** so that they can **continue living in the community**
- **Nursing facility care** for older adults and **intermediate care** facilities for people with developmental disabilities

# Medical Assistance (MA) overview

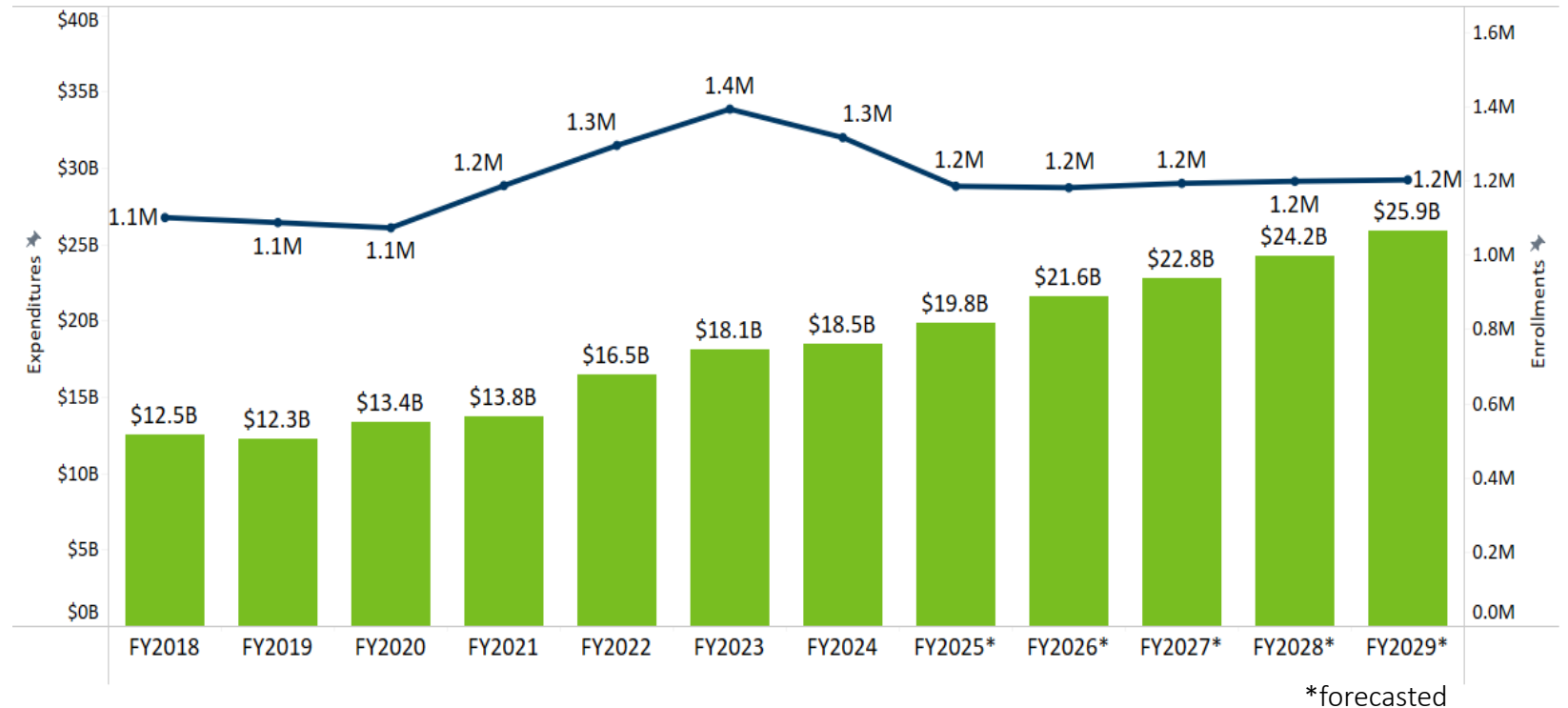
Medical Assistance Funds (FY2026)



42%

of children in the state have their health care covered by Medicaid

MA expenditures and enrollment Trend



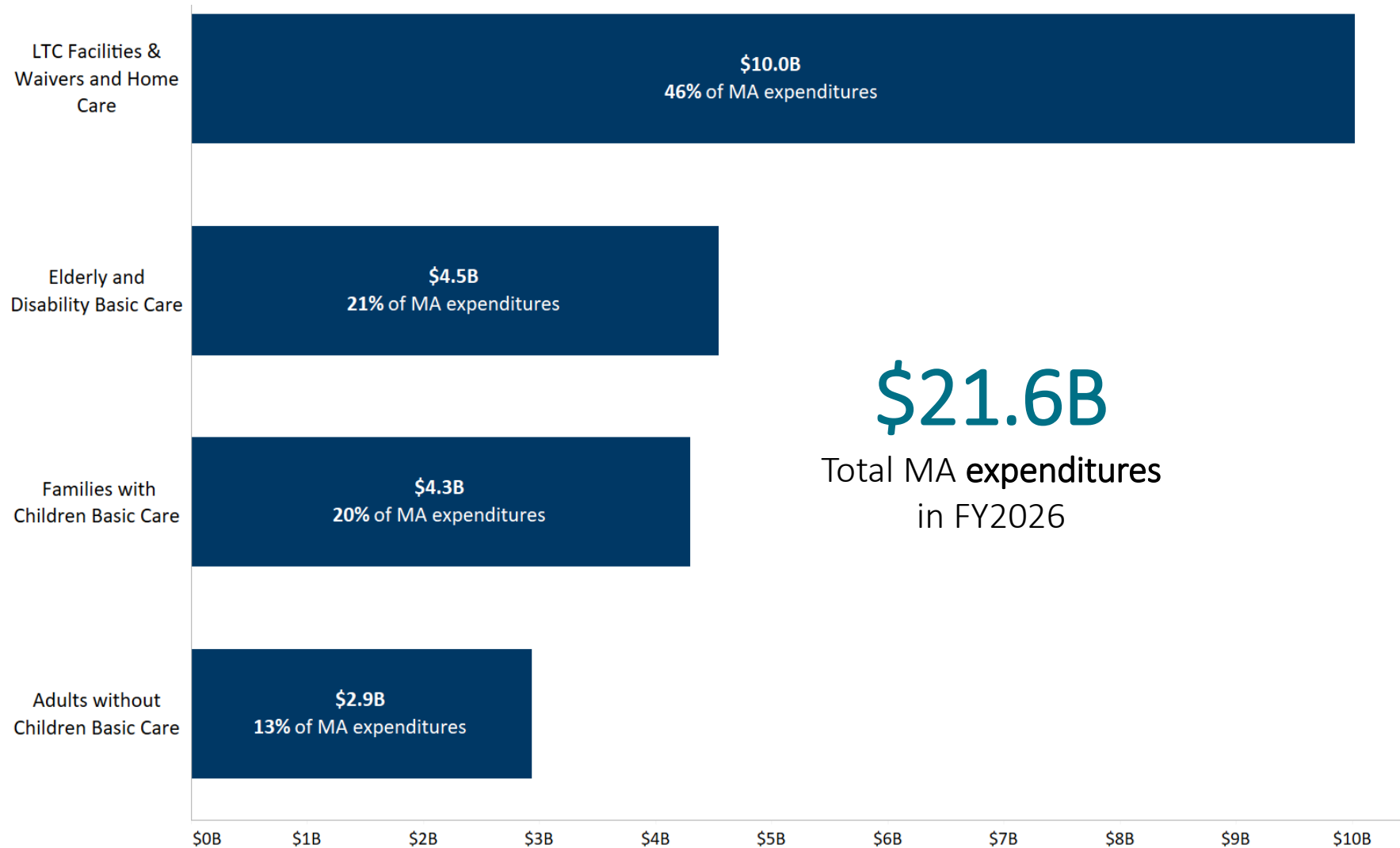
1.3 Million

Minnesotans have access to health care (2024)

\$18.9B

total MA expenditures (2024)

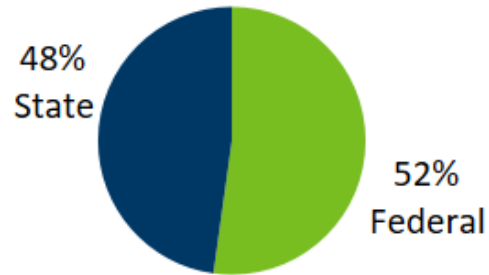
# MA total annual expenditures by category – FY 2026



# Medical Assistance expenditures by funding source

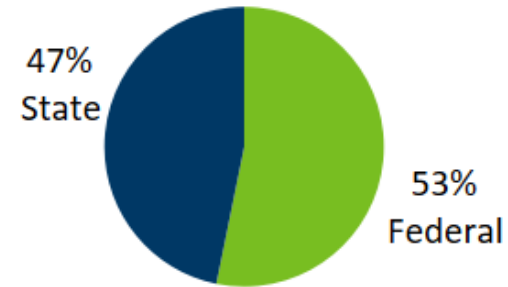
## MA LTC Facilities & LTC Waivers and Home Care

Funding sources FY2026



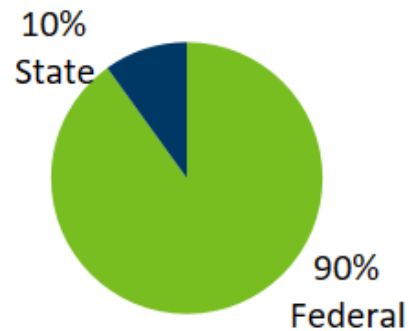
## MA Families with Children Basic Care

Funding sources FY2026



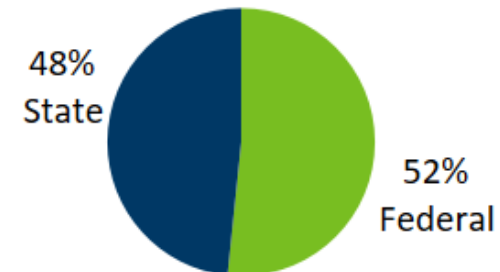
## MA Adults without Children Basic Care

Funding sources FY2026

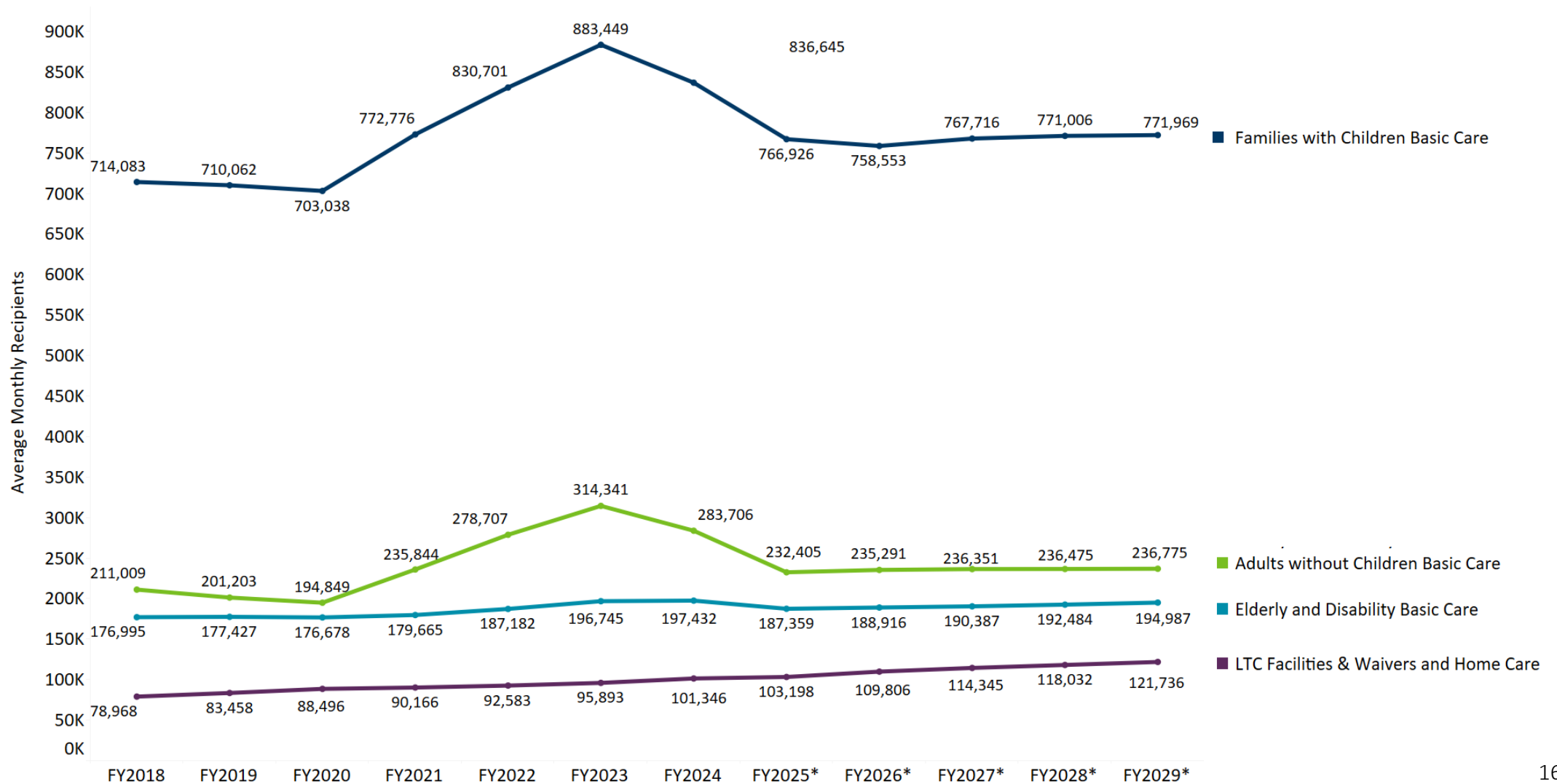


## MA Elderly and Disabled Basic Care

Funding sources FY2026



# MA average monthly recipients



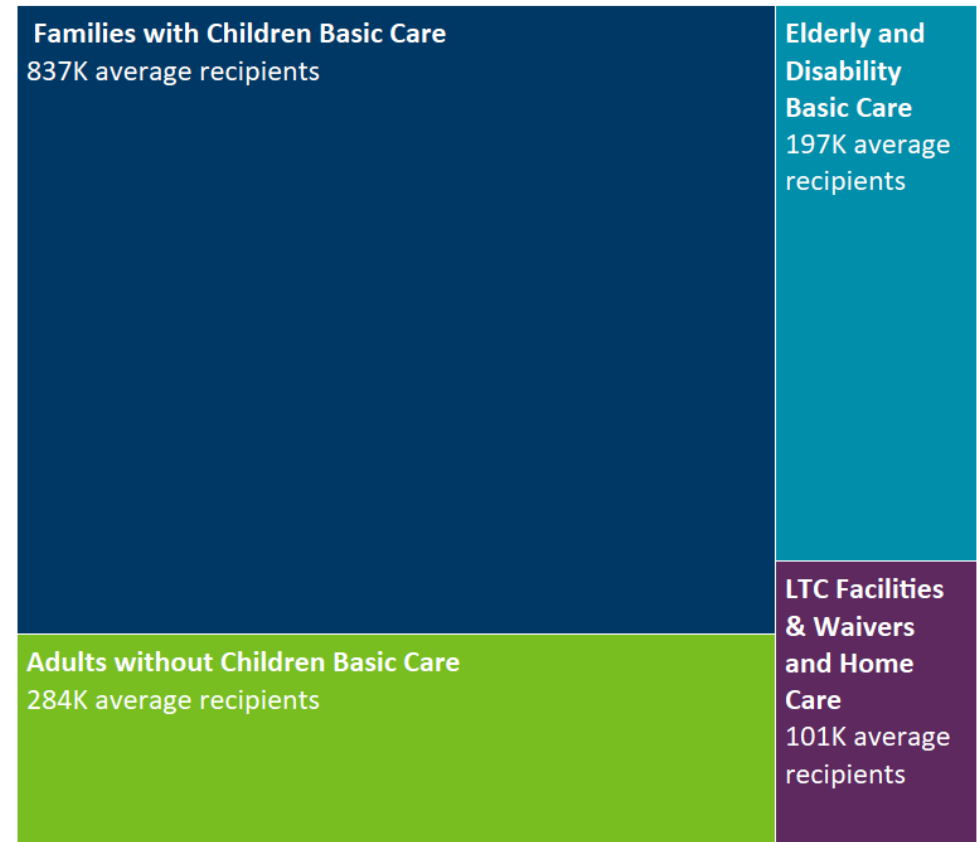


# MA current expenditures vs recipients

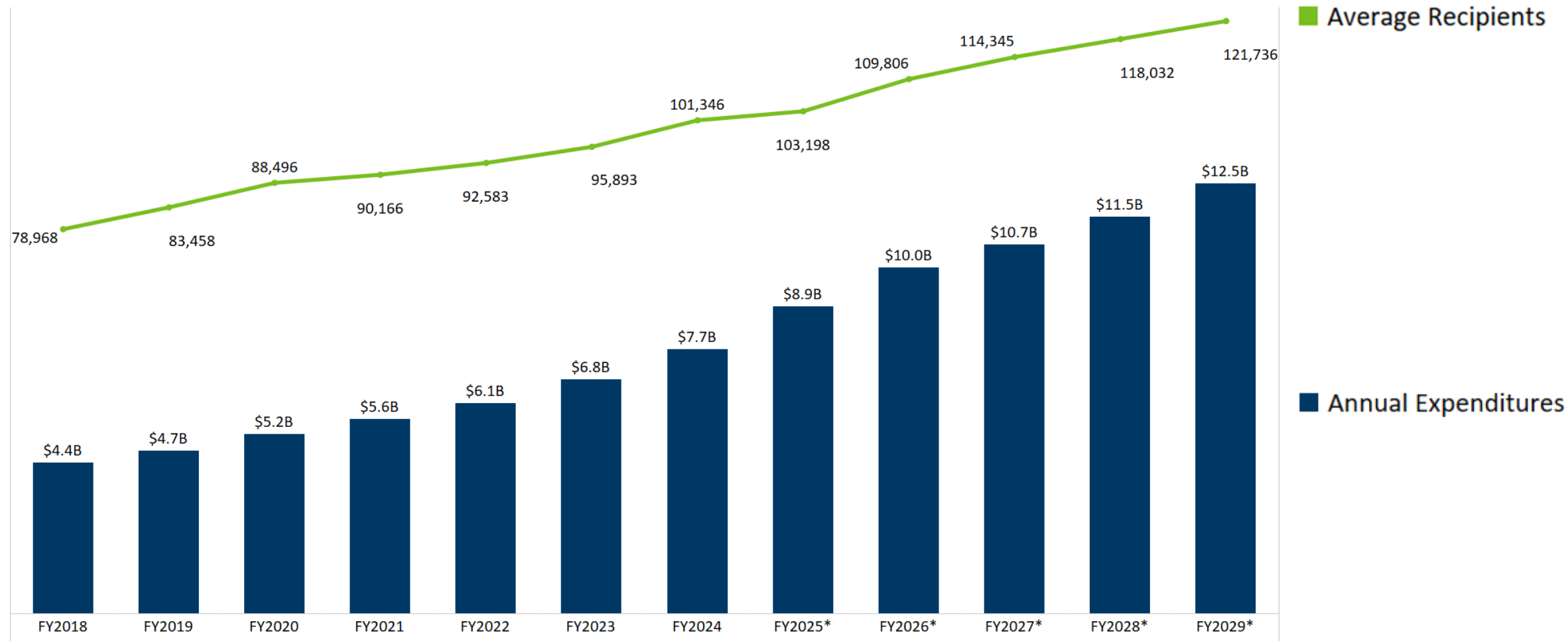
## MA annual expenditures



## MA average monthly recipients

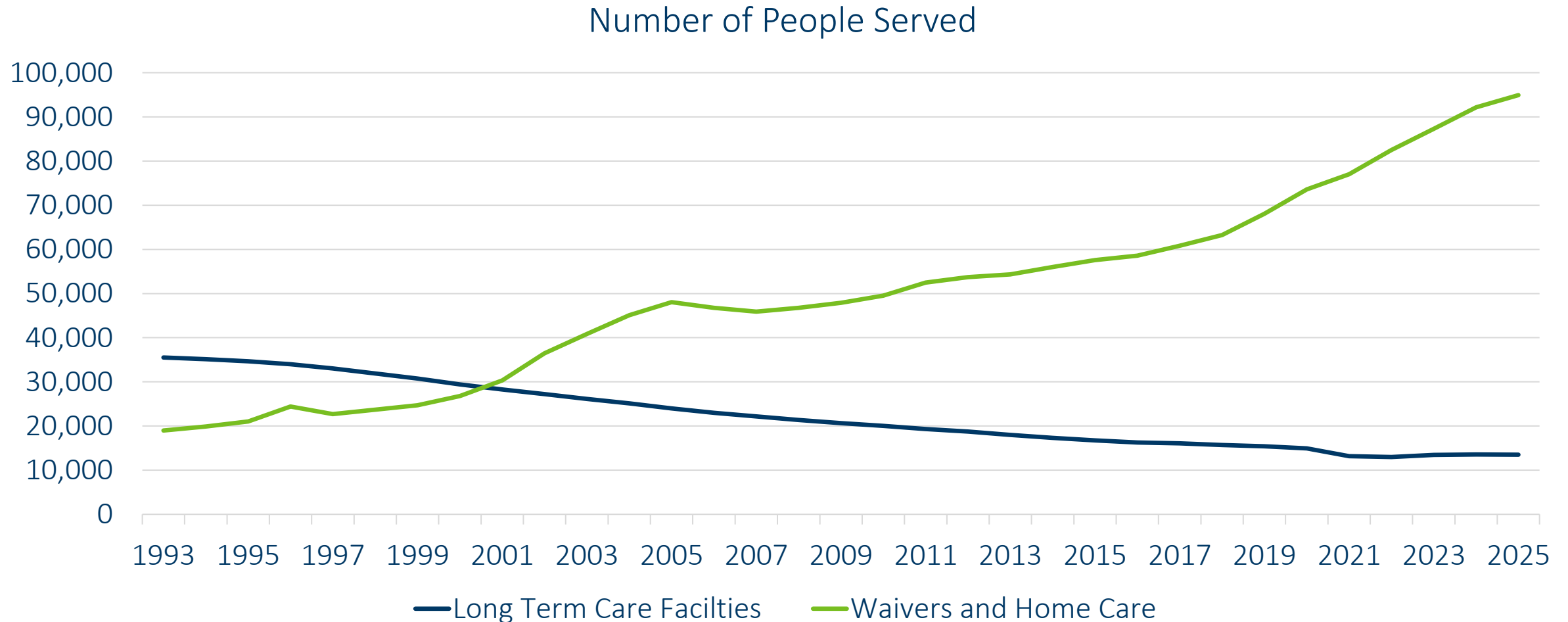


# Long Term Care Recipients and Expenditures



\*Forecasted

# Changes in how long-term care services are delivered



# Drivers in Increased Long Term Care Spending



## People

- More people are accessing long term care (generational shifts; prevalence of disability increasing)
- Increases in younger people and older people accessing waiver services
- Increases in racial diversity in waiver services



## Services

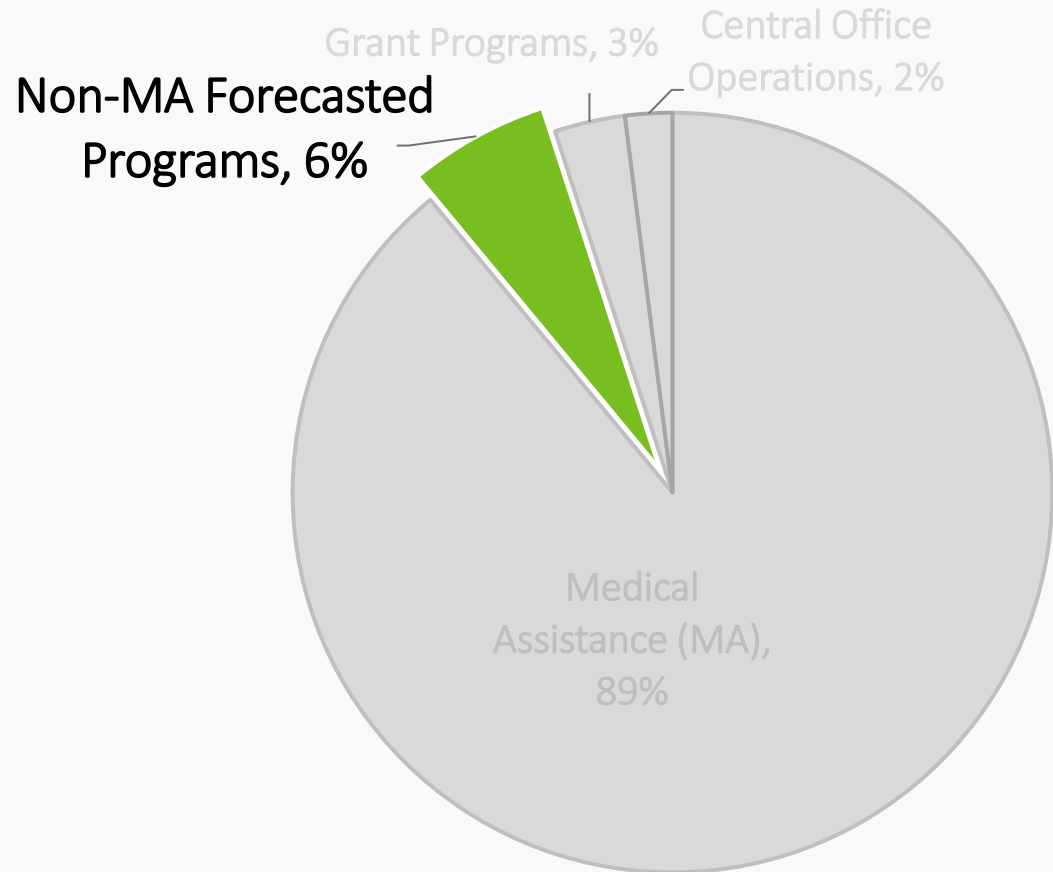
- More people are accessing long term care in their communities and fewer people are accessing long term care in facilities
- Increases in the number/type of services authorized and billed
- Residential services continue to be a large cost driver in the waiver programs



## Payments

- Increases in payment rates (Value Based Reimbursement in nursing homes, Disability Waiver Rate System) as the cost of care is going up and employers compete for staffing

# DHS FY 2026 expenditures: Non-MA forecasted programs



## Non-MA forecasted programs

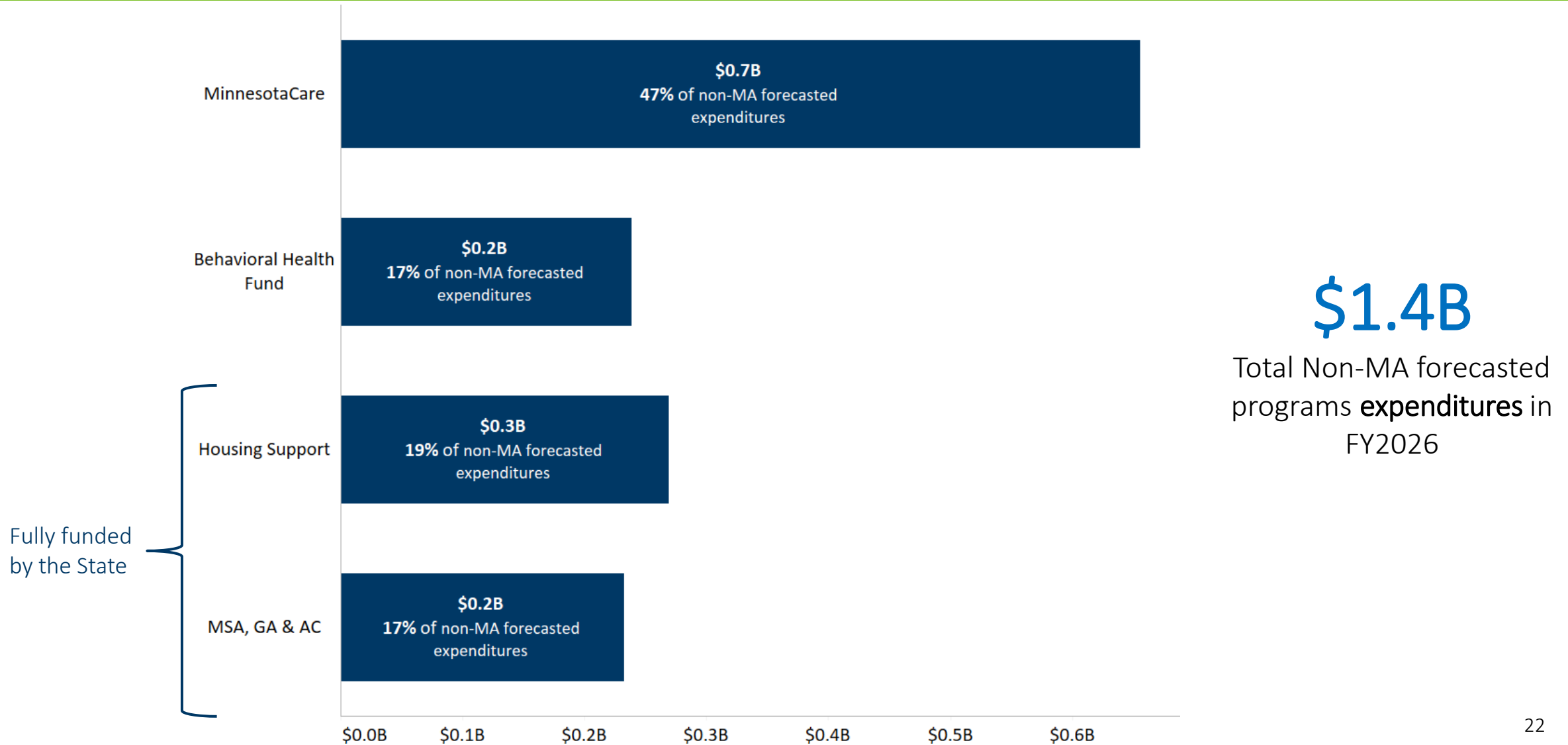
The Behavioral Health Fund pays for mental health and residential and outpatient substance use disorder services

MinnesotaCare provides health care for low-income recipients who don't qualify for MA

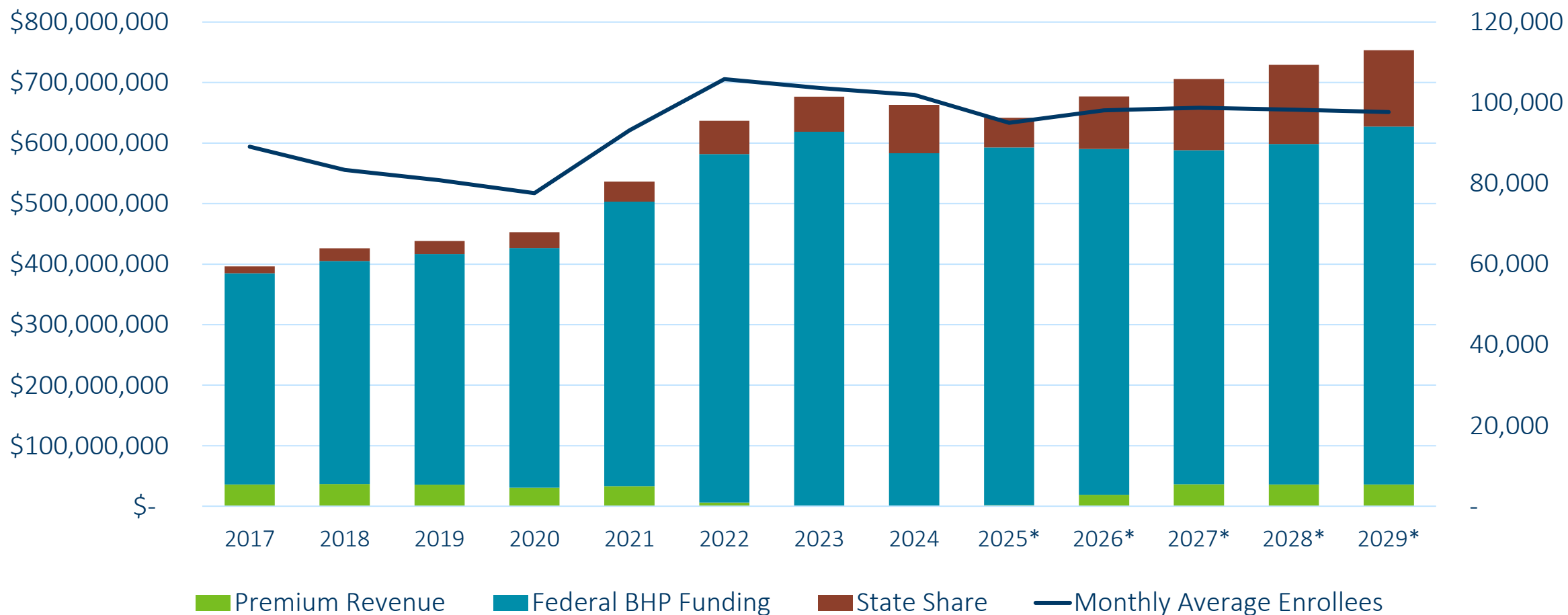
Housing Support (HS) pays for housing and some services for individuals placed by the local agencies in a variety of residential settings

This category also includes Minnesota Supplemental Aid (MSA) and General Assistance (GA)

# Non-MA Forecasted Programs Expenditures – FY 2026



# MinnesotaCare – Annual Costs & Recipients



\*forecasted

# Housing Support, General Assistance, & Minnesota Supplemental Aide

## General Assistance



23,000 people  
each month



\$52 million  
in FY 2024

## Housing Support



21,000 people  
each month



\$228 million  
in FY 2024

## MN Supplemental Aide



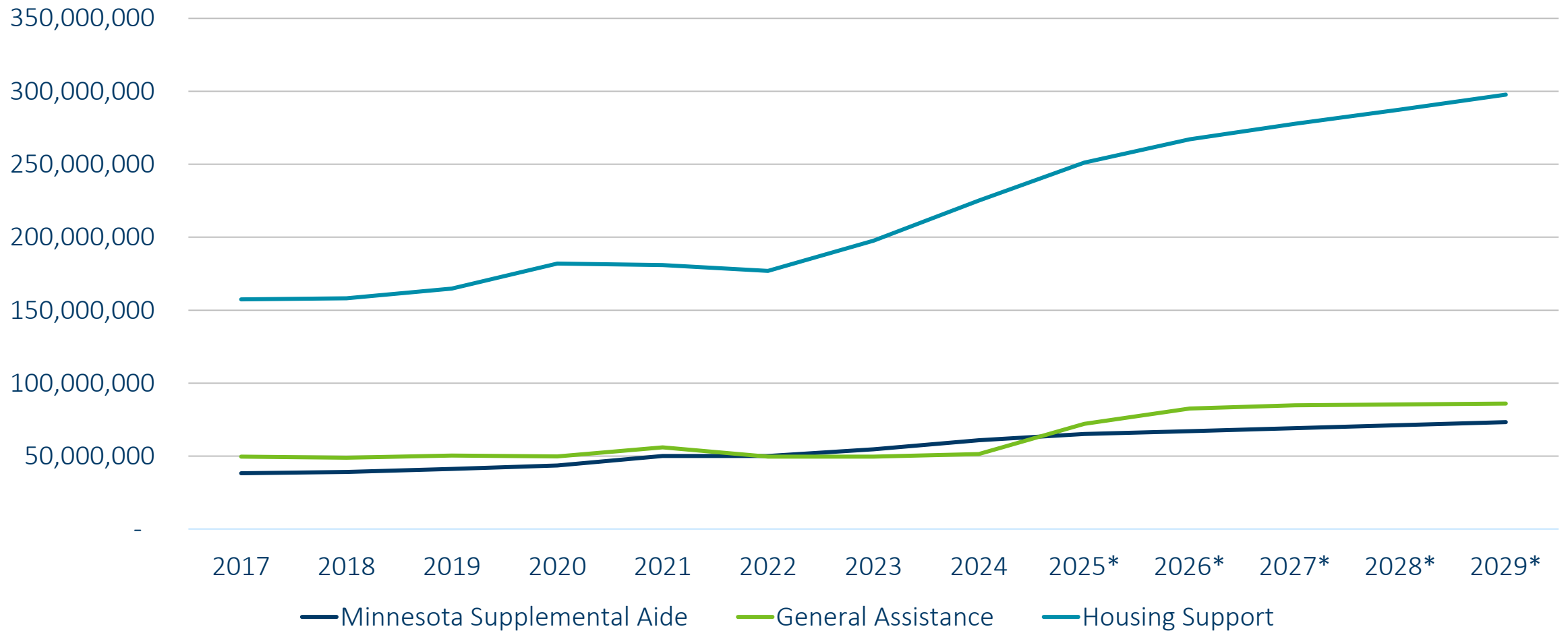
30,000 people  
each month



\$61 million  
in FY 2024

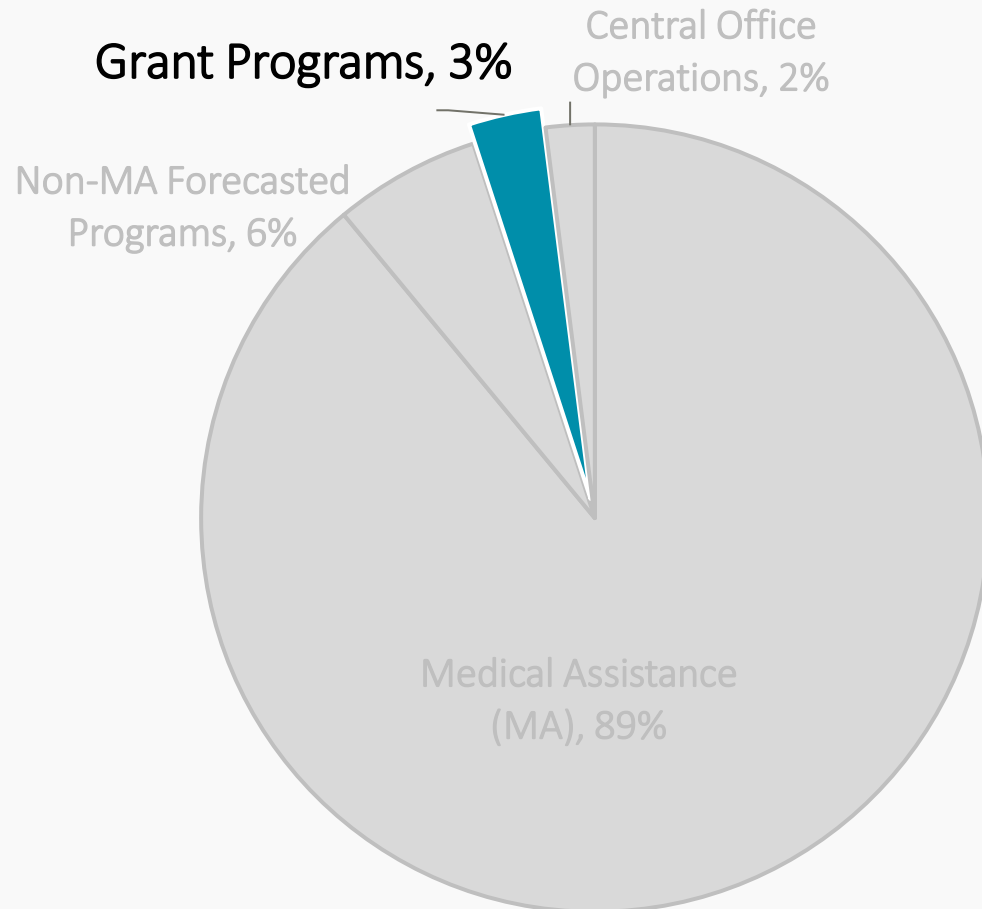


# Housing Support, General Assistance, & Minnesota Supplemental Aide – Total Costs Over Time



\*forecasted

# DHS FY 2026 expenditures: Grant Programs



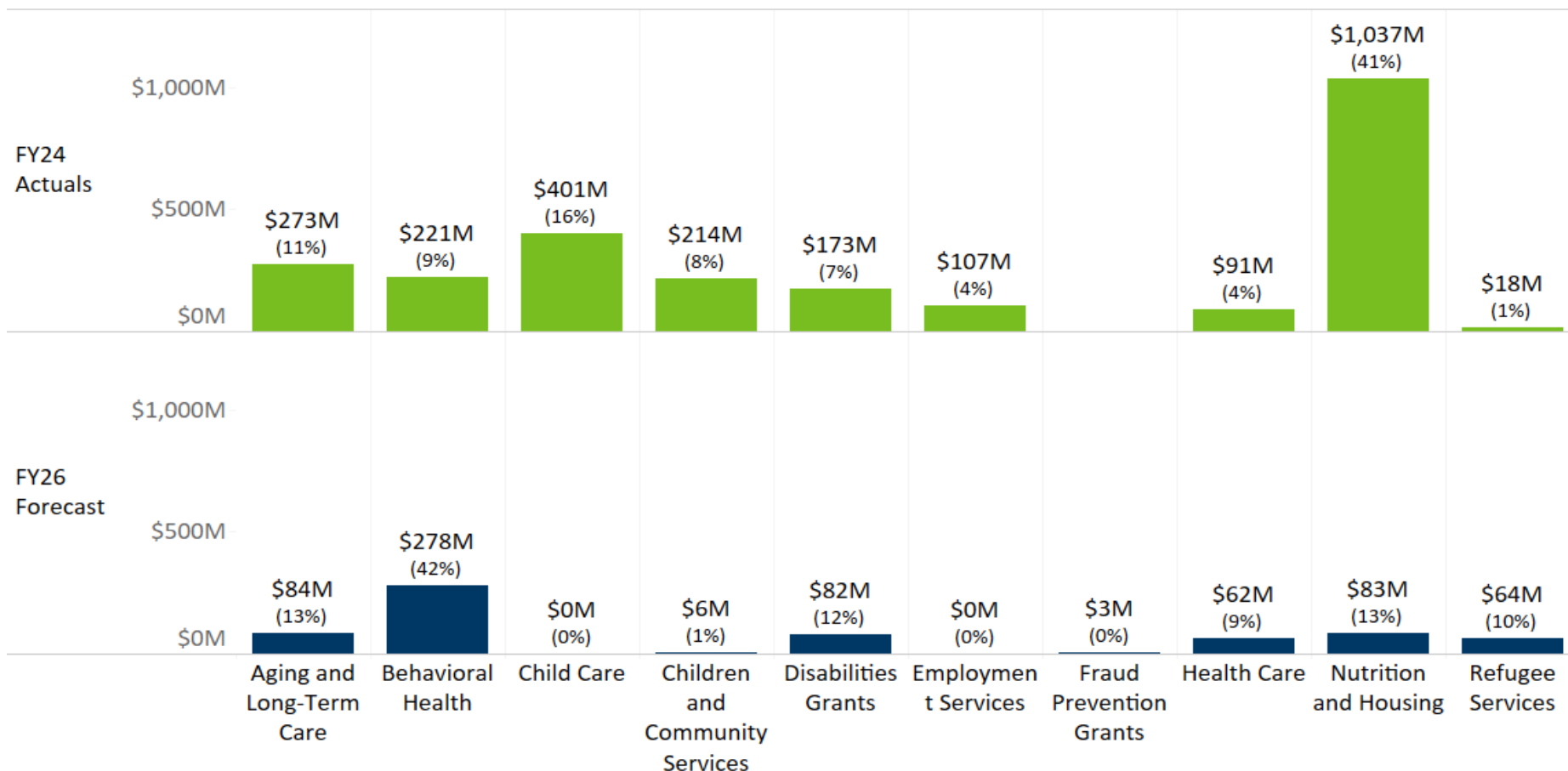
## Grant Programs

Provides supports for local providers, community, counties, Tribes, and families in areas related to:

- Safety services for vulnerable adults and children
- Health care quality and access projects
- Services in community-based settings
- Non-medical social services for older adults
- Services and support for deaf, deafblind and hard of hearing
- Support housing for low-income Minnesotans with disabilities
- State-wide support services for people with alcohol, or drug addiction
- And many more....

# Grant expenditures all funds FY2024 vs FY2026

Grant Expenditures by Category



Before DCYF separation

**\$2.5B**

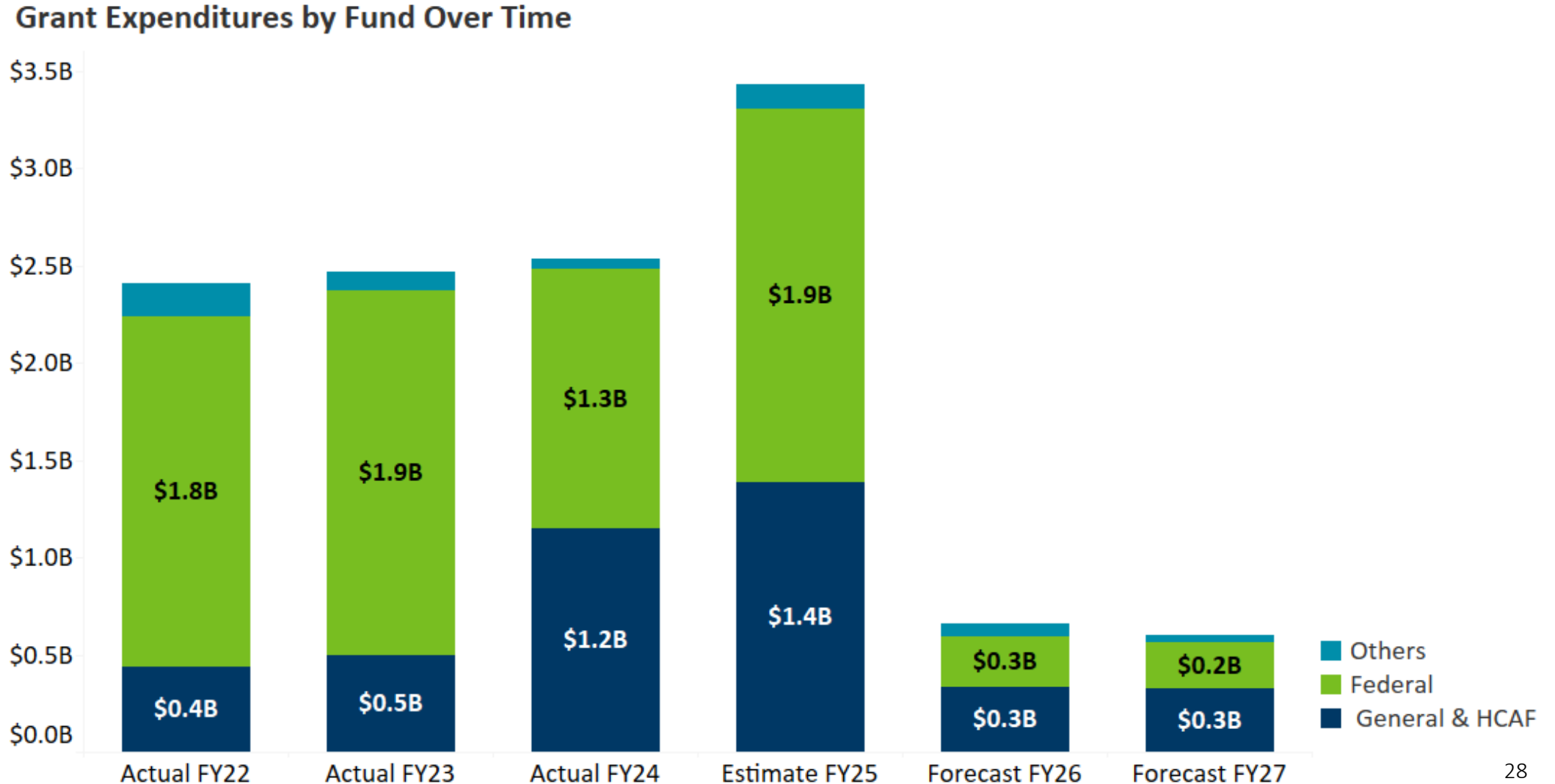
Grant expenditures in FY2024

After DCYF separation

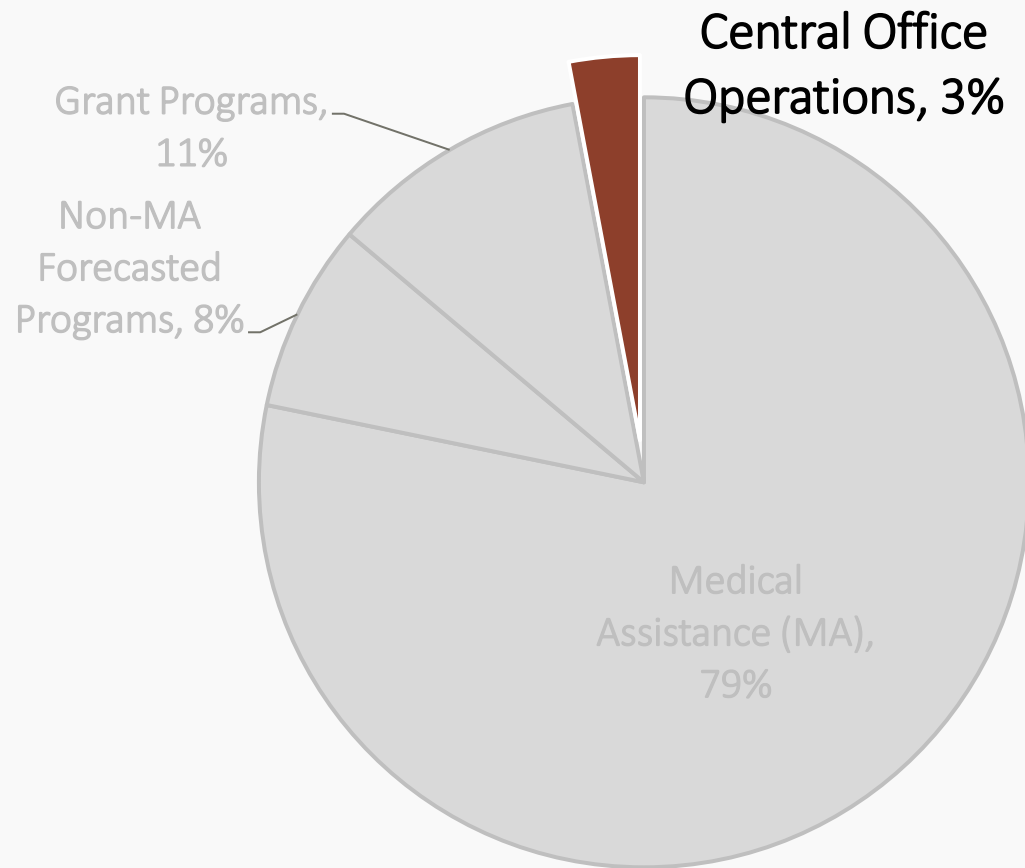
**\$0.6B**

Grant Forecasted expenditures in FY2026

# DHS Grant Expenditures Over Time



# DHS FY 2026 expenditures: Central Office Operations



## Central Office Operations

License service providers and conduct background studies to protect our most vulnerable citizens

Ensures integrity in spending of public resources

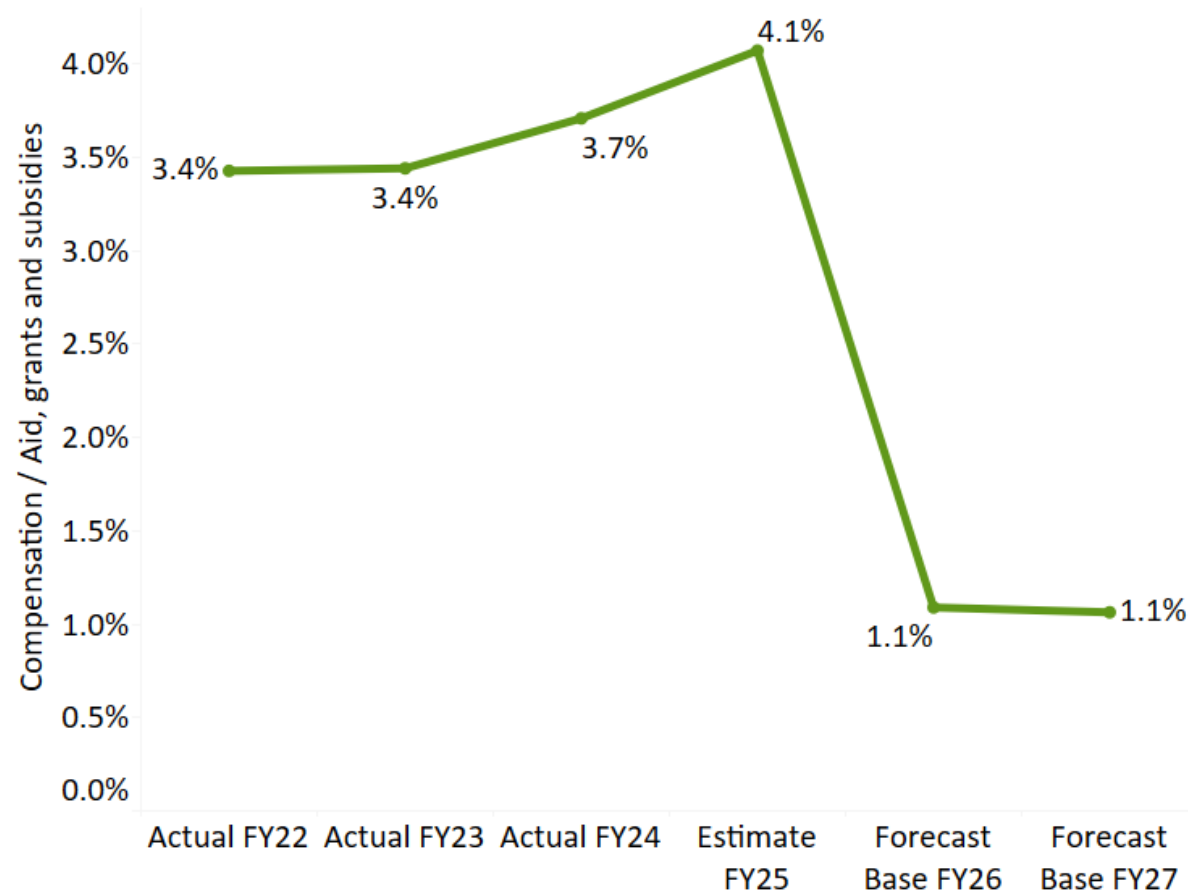
Oversees and provides administrative support to counties, Tribal Nations, and social service agencies

Administers publicly funded programs and oversee services delivery systems

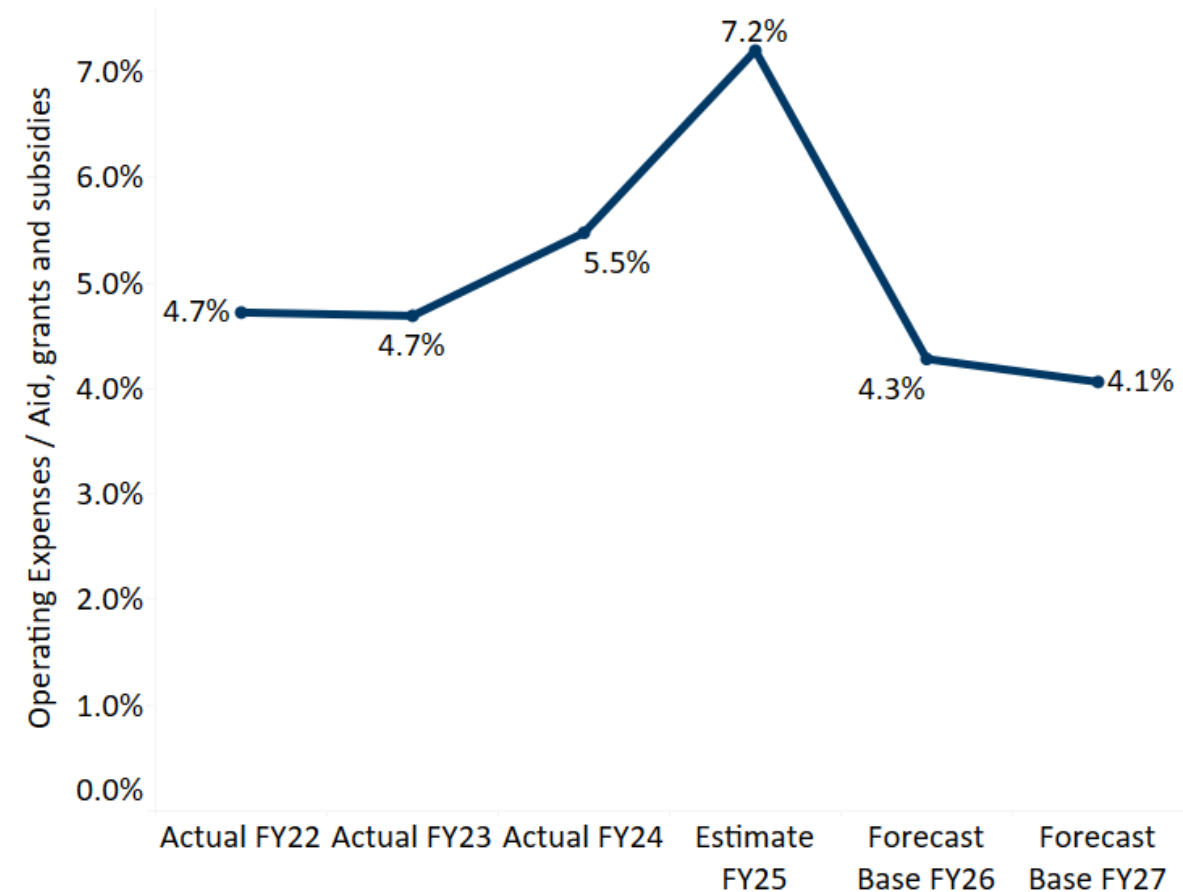
Provide human resources services, financial management, legal services, technology planning and facilities management for employees

# Compensation operating expenses as a percent of aid, grants and subsidies

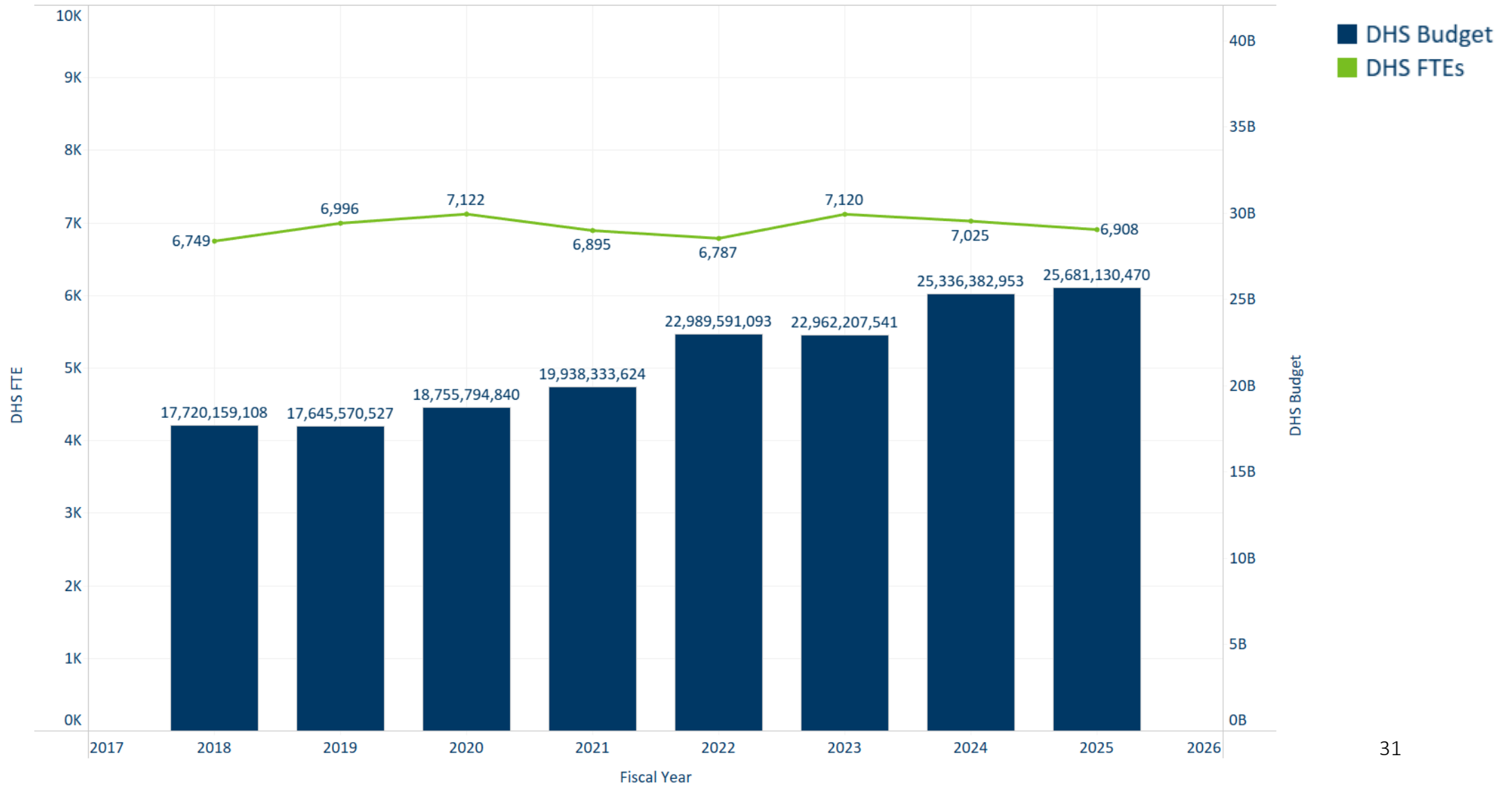
**Compensation** as a percent of aid, grants and subsidies



**Operating expenses** as a percent of aid, grants and subsidies (Includes IT)



# FY Increase in DHS FTEs and DHS Budget



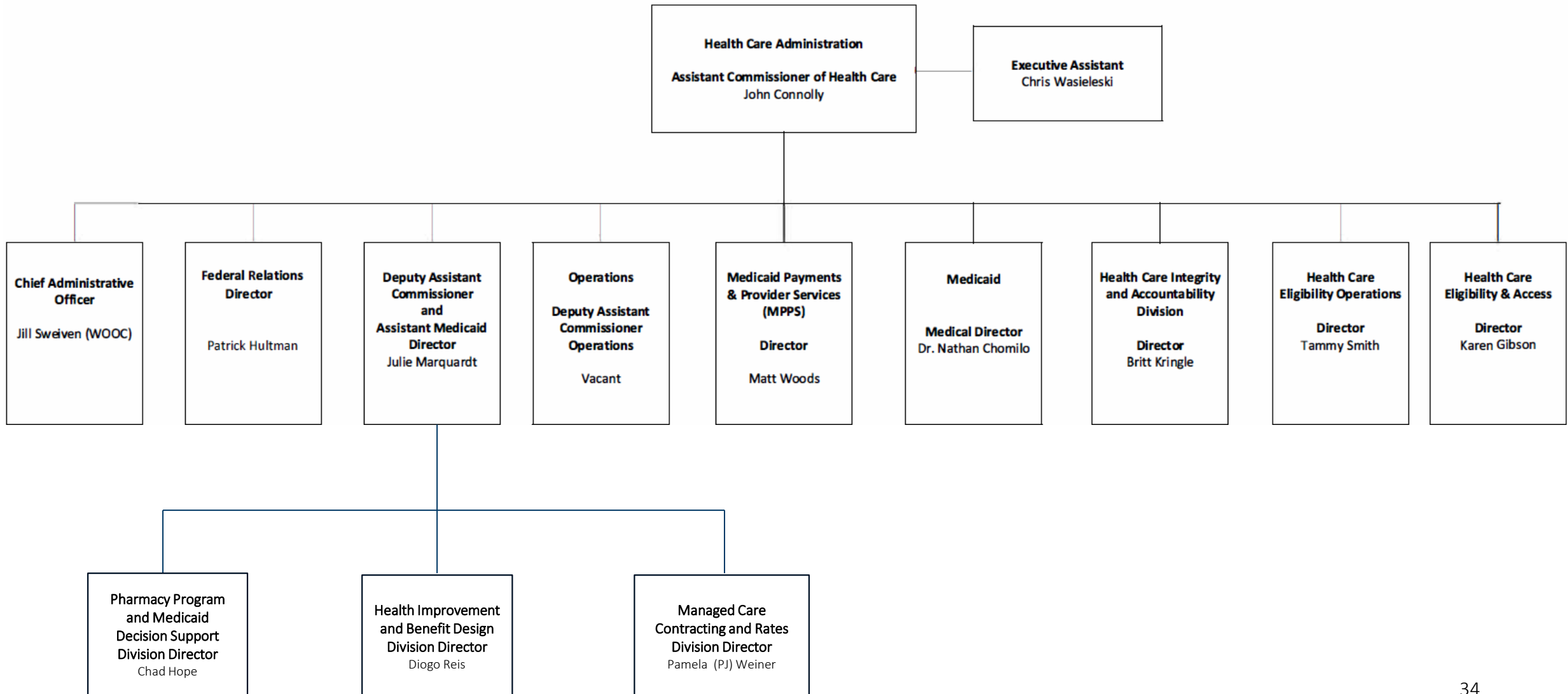
# Resources on the DHS Budget

- [Department of Human Services November 2024 Forecast](#)
- [Department of Human Services FY26-27 Biennium Budget Book](#)
- [DHS Fiscal Reports & Forecasts](#)
- [DHS Legislative Information](#)



# Medicaid and MinnesotaCare

# Health Care Administration



# Minnesota's Medicaid Program



1 in 5 Minnesotans

get their health care through  
Medicaid and MinnesotaCare



# Who is served

## Minnesota Coverage Continuum

Federal Poverty Level (FPL)	0%	100%	133%	200%	275%	278%	283%	300%	400%	500%
Program Eligibility	Qualified Health Plans (QHP)									
	Medical Assistance (MA)									
			MinnesotaCare (MCRE)	Advanced Premium Tax Credit (APTC) Note: Cost Sharing Reduction is 100% - 250% FPL					No Subsidy	

Infants to age 2	MA 283% FPL		APTC >283% - 400% FPL	No Subsidy
Pregnant Women	MA 278% FPL		APTC >278% - 400% FPL	
Children ages 2 - 18	MA 275% FPL		APTC >275% - 400% FPL	
Parents Children ages 19 - 20 Adults under age 65	MA 133% FPL	MCRE >133% – 200% FPL	APTC >200% - 400% FPL	
Adults age 65 and older Individuals who have a disability or are blind	MA 100% FPL	No Subsidy		

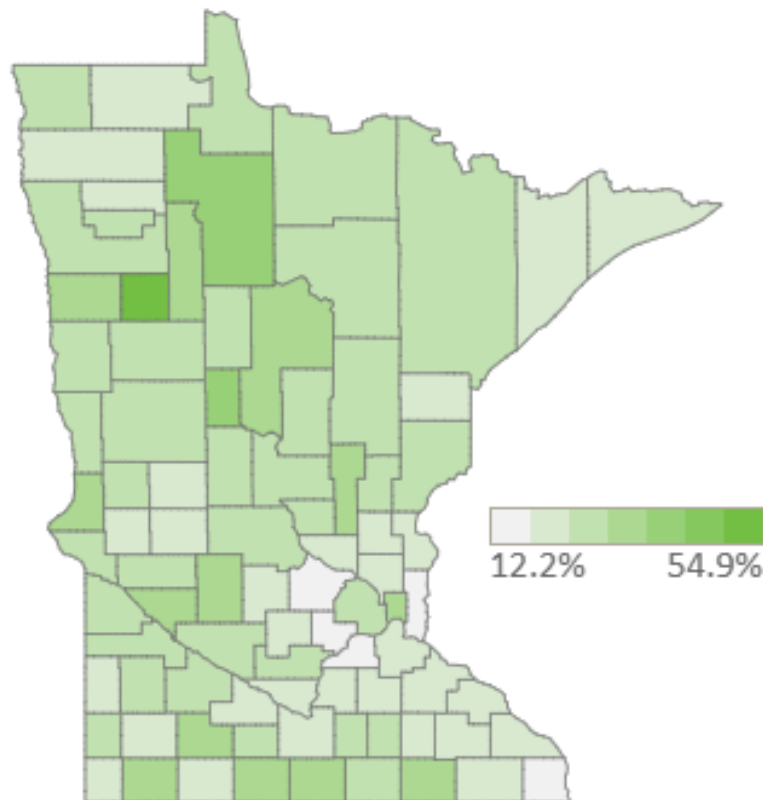
# Who is served



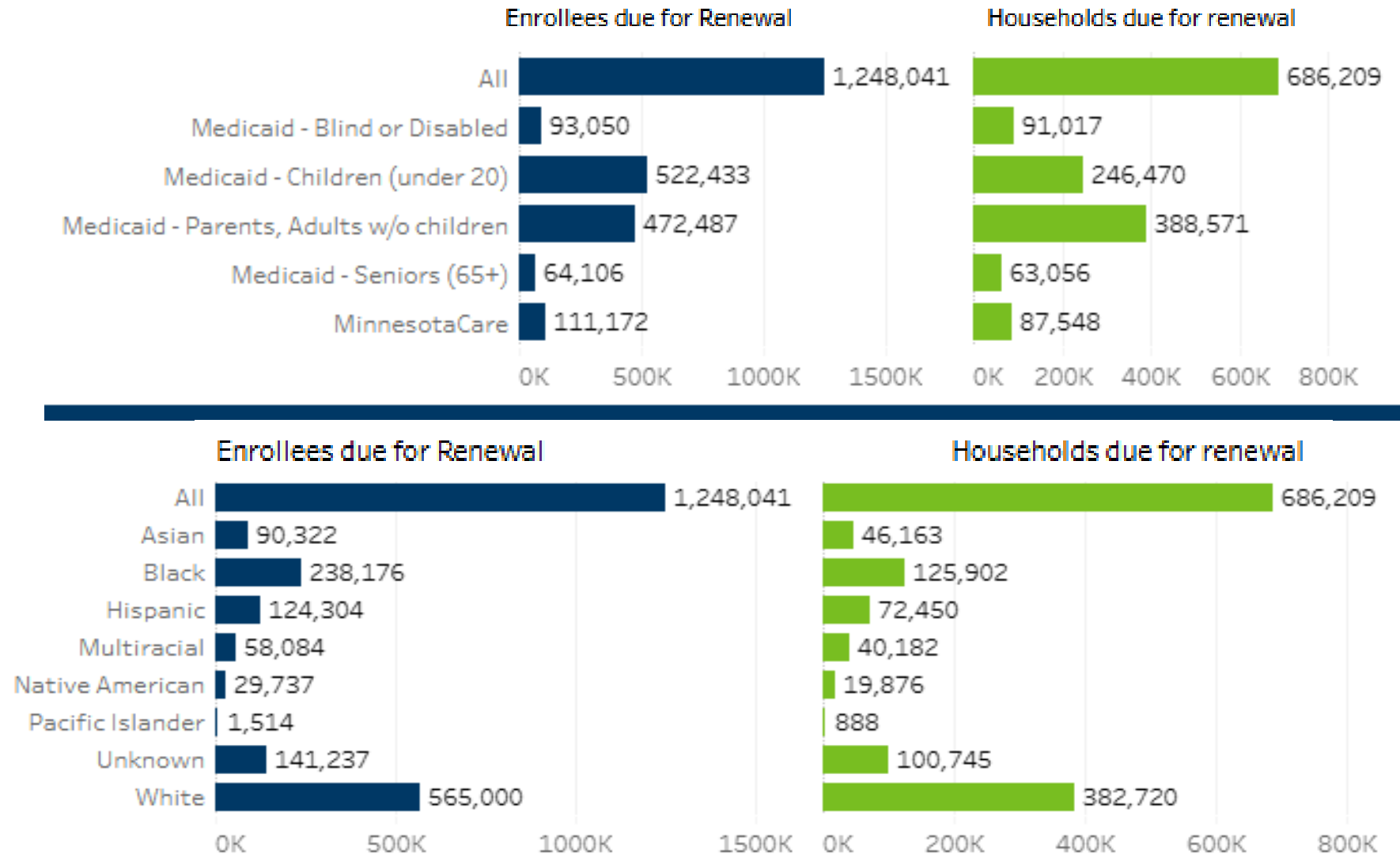
## Insurance Affordability Programs (IAPs) Income and Asset Guidelines

Prog.	Effective 7/1/24 – 6/30/25								Effective 1/1/25 – 12/31/25	
	MA Parents, Caretaker Relative, Children 19–20 Years Old, Adults without Children		MA Children 2–18 Years Old		MA Pregnant Women		MA Infants under Age 2		MinnesotaCare	Advanced Premium Tax Credit
	133% FPG		275% FPG		278% FPG		283% FPG		200% FPG	Above 200% FPG
	Monthly	Annually	Monthly	Annually	Monthly	Annually	Monthly	Annually	Annually	Annually
1	\$1,669	\$20,029	\$3,451	\$41,415	NA		\$3,551	\$42,619	\$30,120	\$30,121 or more
2	\$2,265	\$27,185	\$4,684	\$56,210	\$4,735	\$56,823	\$4,820	\$57,845	\$40,880	\$40,881 or more
3	\$2,861	\$34,340	\$5,917	\$71,005	\$5,981	\$71,779	\$6,089	\$73,070	\$51,640	\$51,641 or more
4	\$3,458	\$41,496	\$7,150	\$85,800	\$7,228	\$86,736	\$7,358	\$88,296	\$62,400	\$62,401 or more
5	\$4,054	\$48,651	\$8,382	\$100,595	\$8,474	\$101,692	\$8,626	\$103,521	\$73,160	\$73,161 or more
6	\$4,650	\$55,806	\$9,615	\$115,390	\$9,720	\$116,648	\$9,895	\$118,746	\$83,920	\$83,921 or more
7	\$5,246	\$62,962	\$10,848	\$130,185	\$10,967	\$131,605	\$11,164	\$133,972	\$94,680	\$94,681 or more
8	\$5,843	\$70,117	\$12,081	\$144,980	\$12,213	\$146,561	\$12,433	\$149,197	\$105,440	\$105,441 or more
Add'l	\$596	\$7,155	\$1,232	\$14,795	\$1,246	\$14,956	\$1,268	\$15,225	\$10,760	\$10,760
Asset Test	No Asset Test		No Asset Test		No Asset Test		No Asset Test		No Asset Test	No Asset Test

### Percentage of the population within the county enrolled in Medicaid

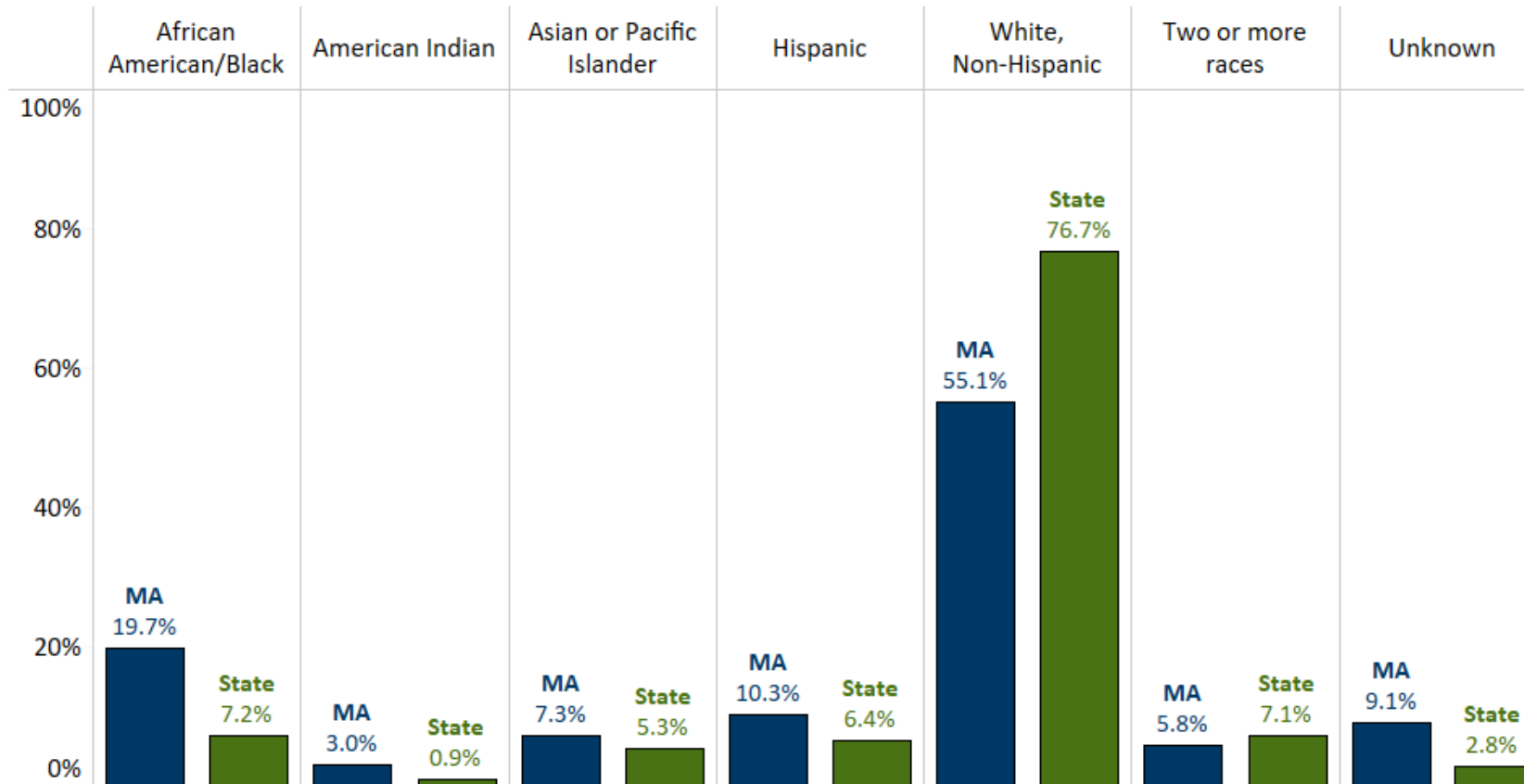


# Who is served by Medical Assistance (MA)



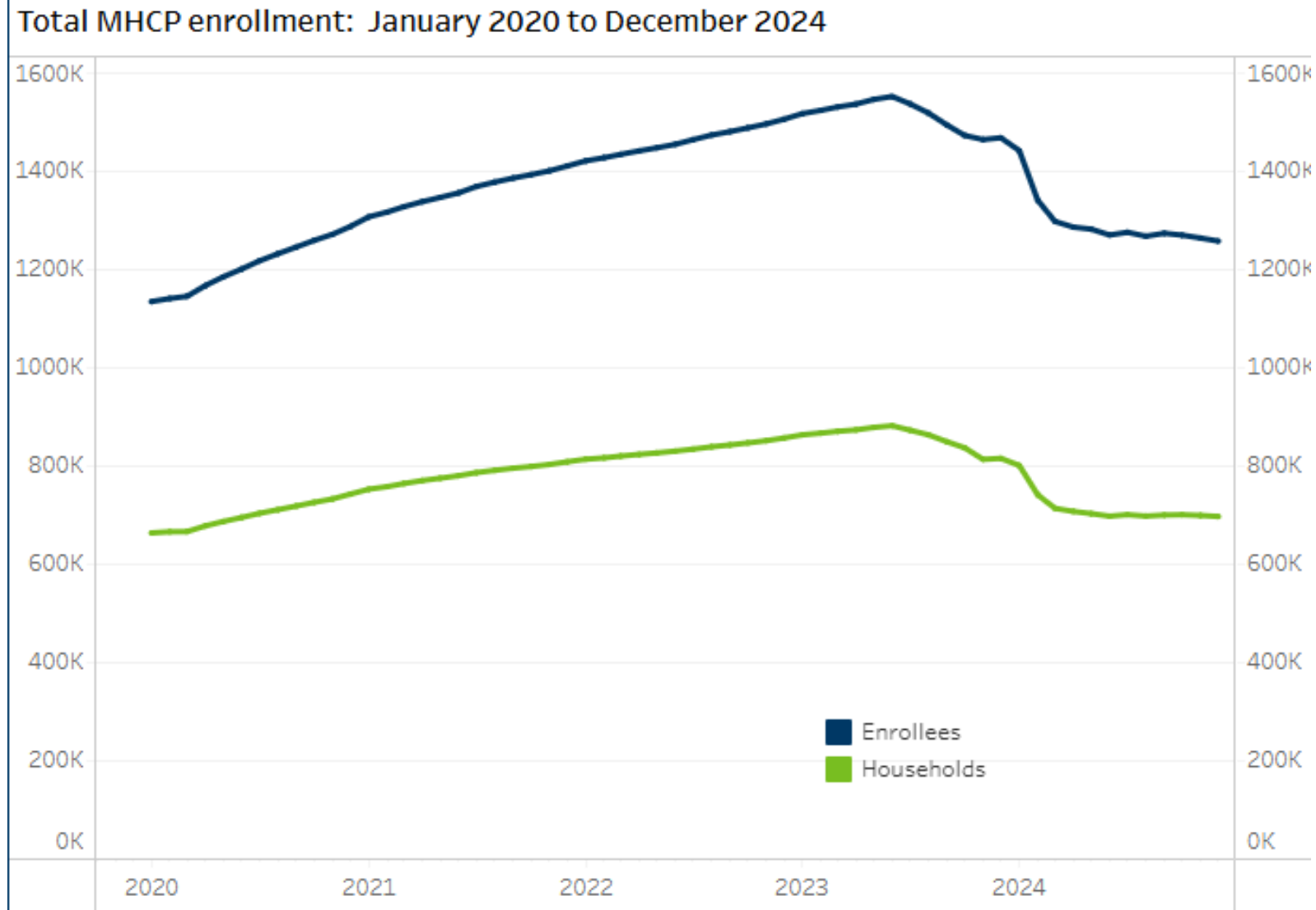
# MA race and ethnicity compared to MN (CY2023)

MA enrollee racial and ethnic representation compared to Minnesota's population as a whole



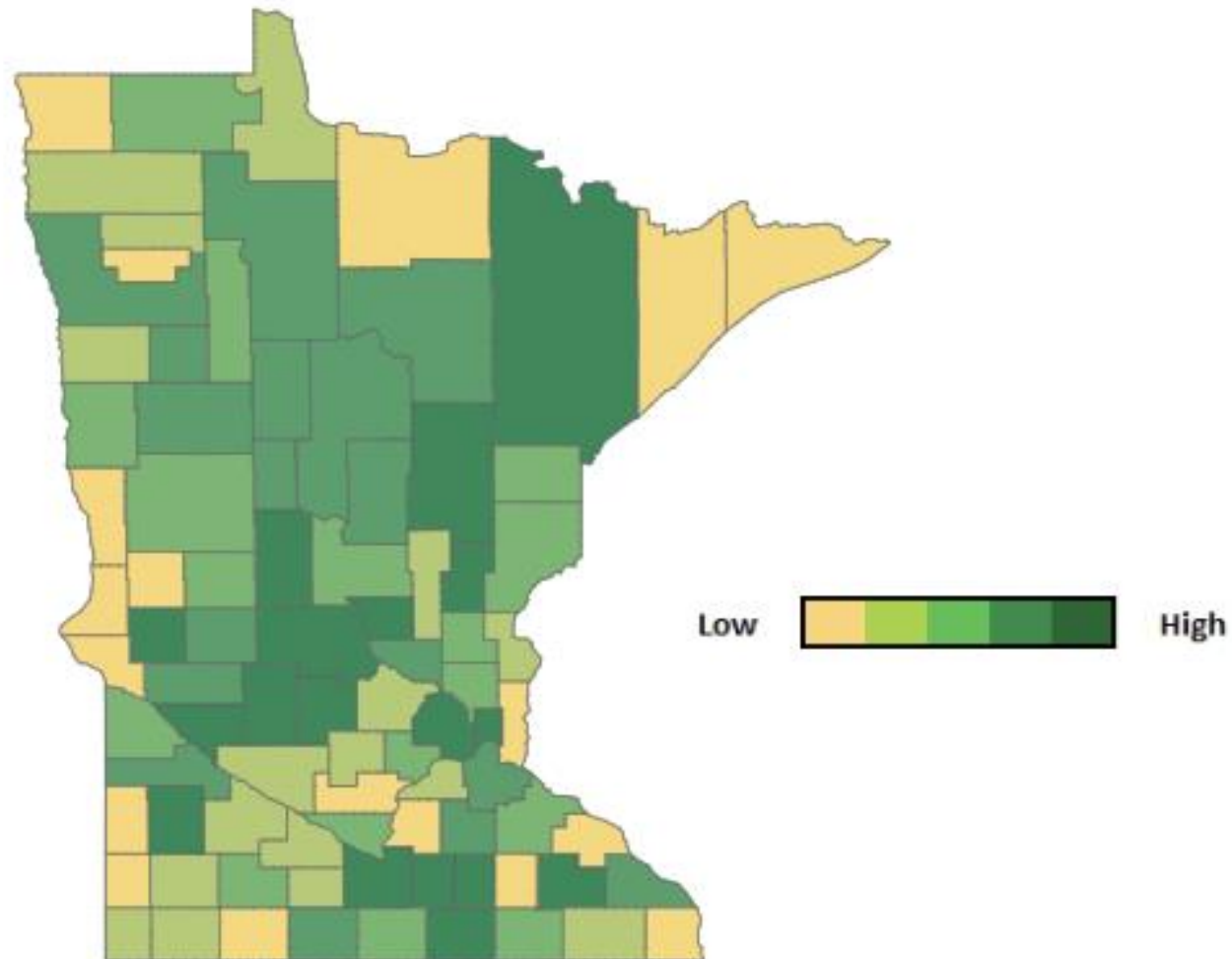


# Who is served by Medical Assistance (MA)

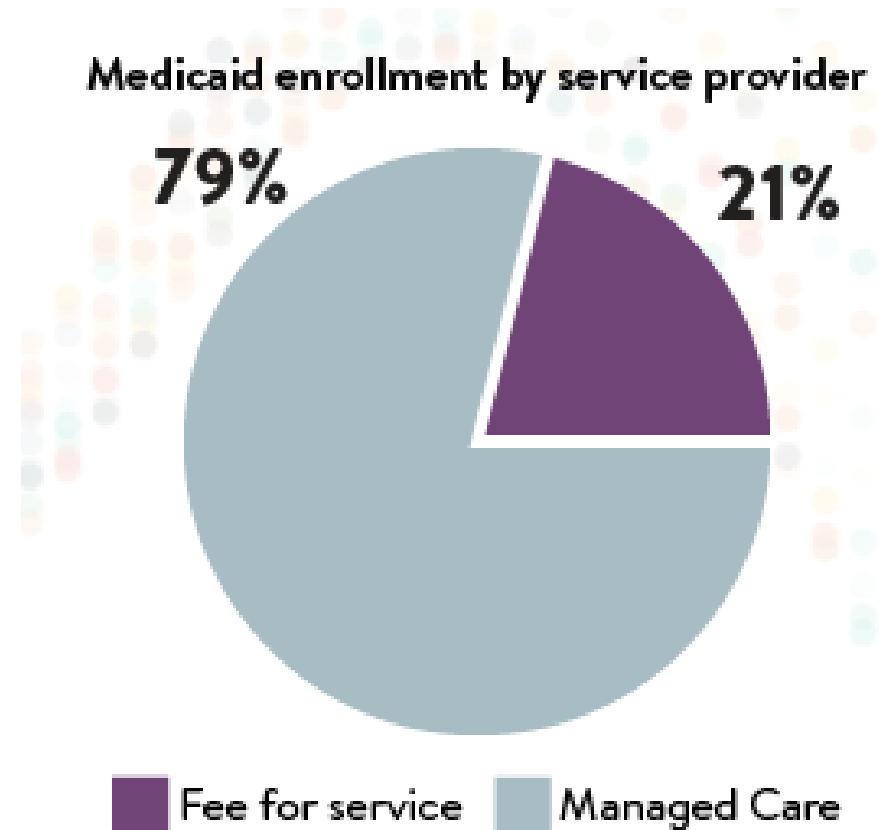


# Where Members are Getting Care

Average payments to providers by county  
(Hover to see numbers for each county)



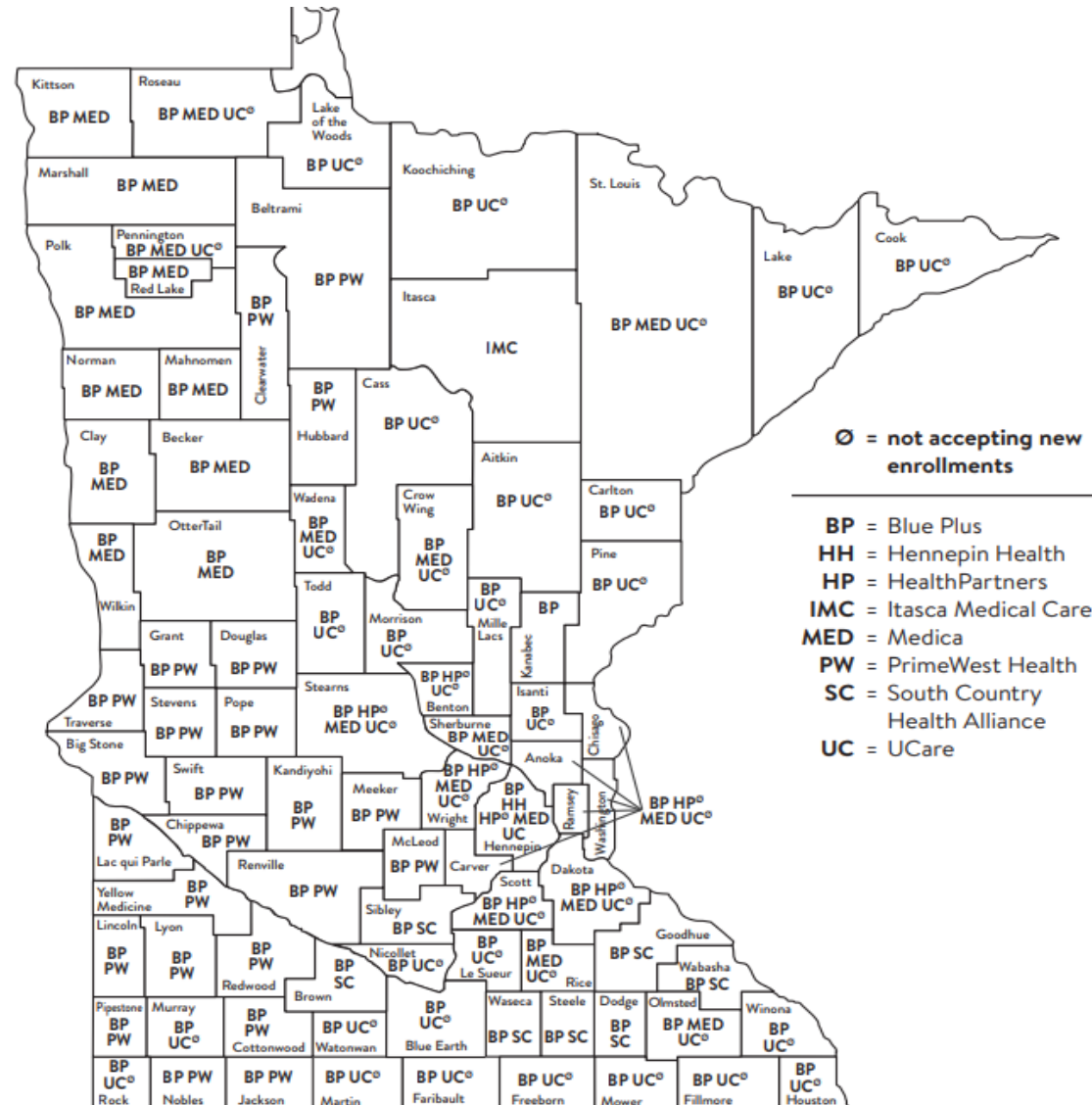
# How Members Get Services



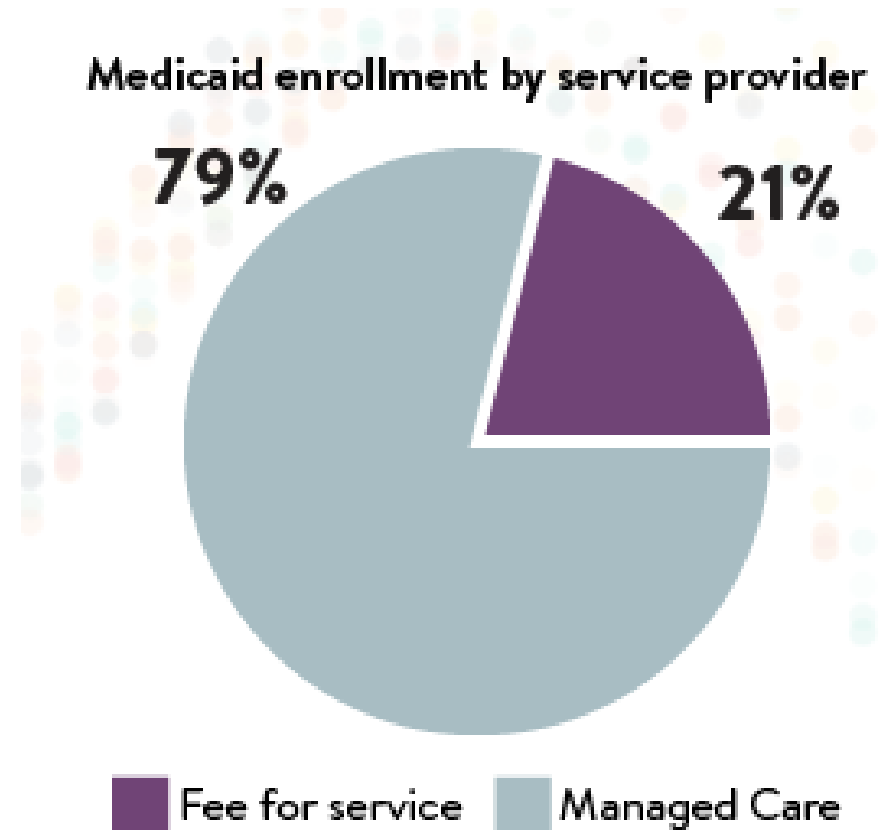
## Managed Care

- Competitive contracts with:
  - Health Maintenance Organizations (HMOs)
  - County Based Purchasers (CBPs)
- Paid through a Capitation Payment
- Different Contracts:
  - Families and Children (includes MinnesotaCare)
  - Minnesota Senior Health Options (MSHO/MSO+)
  - Special Needs Basic Care (SNBC)

# How Members Get Services



# How Members Get Services



## Fee-For-Service

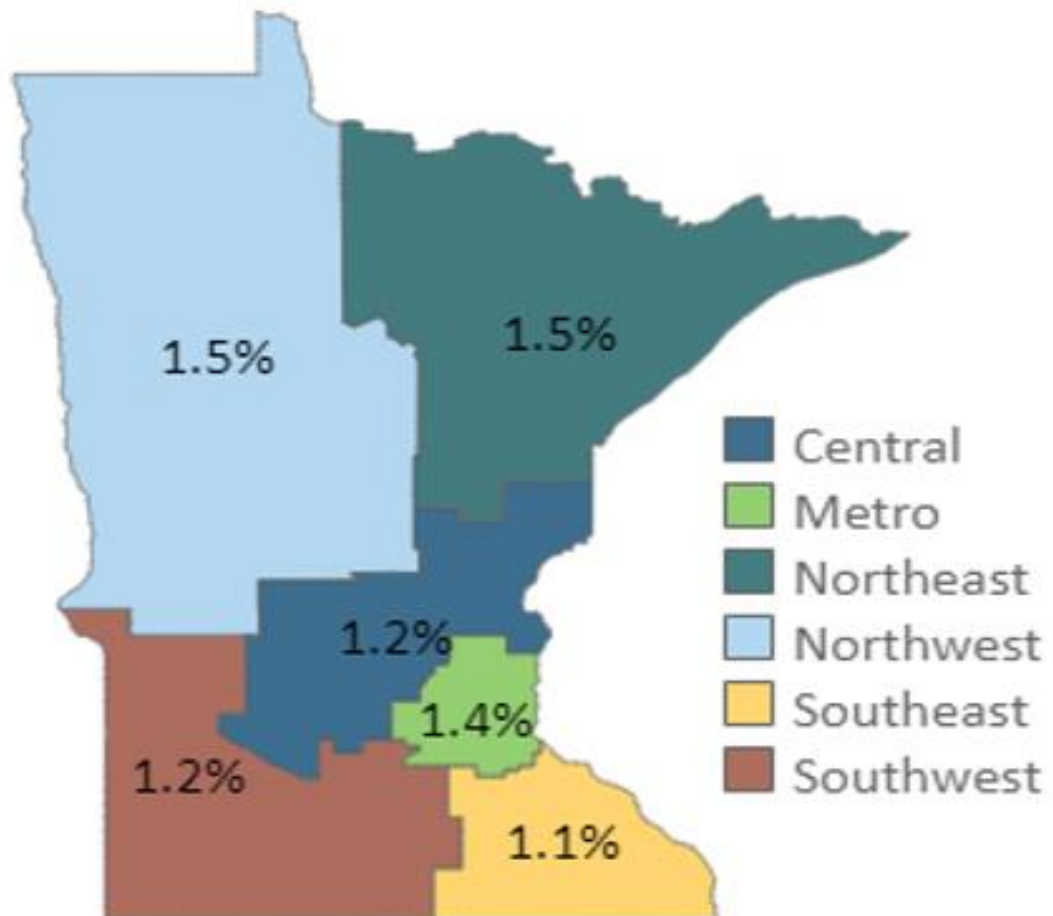
- Approximately 300,000 individuals, with 100,000 not having a primary payer
- Carved Out Services:
  - Federally Qualified Health Centers (FQHC)
  - State Operated Dental
  - Indian Health Services
  - Individual Education Program (IEP) Services

# Medicaid Financing

- Standard Federal Match for FY 2025: 51.16%
- Additional Federal Match:
  - Enhanced Funding by Population
  - Federal Share Only – example: Individual Education Programs
  - 100% Federal Share – example: Indian Health Services
  - Temporary Enhancements
    - Service Specific– eg. COVID Vaccines and Counseling at 100% Federal Share
    - 8 Quarters Enhanced Funding for Health Homes – eg. Behavioral Health Homes
  - Systems and Administrative Funding
  - Enhanced Funding for Licensed Health Care Professionals

# MinnesotaCare

Percentage of the population within the region enrolled in MinnesotaCare



- Basic Health Program
- Federal Funding
- Required to be Managed Care with 2 plan choices

## Differences:

- Cost Sharing
- Premiums
- Definition of Child for benefits
- Benefits for adults

### **256L.03 COVERED HEALTH SERVICES.**

**Subdivision 1. Covered health services.** (a) "Covered health services" means the health services reimbursed under chapter 256B, with the exception of special education services, home care nursing services, nonemergency medical transportation services, personal care assistance and case management services, community first services and supports under section [256B.85](#), behavioral health home services under section [256B.0757](#), housing stabilization services under section [256B.051](#), and nursing home or intermediate care facilities services.

(b) Covered health services shall be expanded as provided in this section.

(c) For the purposes of covered health services under this section, "child" means an individual younger than 19 years of age.



# Recent Program Changes

- Public Health Unwind
- Continuous Eligibility for Children
  - Continuous Eligibility to Age 6
  - 12 months continuous eligibility for children under 21
- Expansion of Adult Dental Benefit
- Expansion of Mental Health IEP Services
- Medical Assistance Cost Sharing Elimination
- Mental Health Rate Increases

# Unwinding Project

## Minnesota's Unwind Accomplishments — By the Numbers

These key metrics are associated with the State's efforts during the Unwind.

### UNWIND SUPPORT



**78  
processing  
agencies<sup>1</sup>**

across the state were supported by the DHS workforce to mitigate processing backlogs

### 12 renewal cohorts

benefited from temporary or permanent policy changes implemented by DHS to promote continuous coverage for eligible enrollees



### KEY METRICS



**1.07 million enrollees**

retained health coverage — 74% of the total Unwind population



**4.7x increase**

**in the METS auto renew rate** (from approximately 17% for the July 2023 cohort to over 80% by the end of the Unwind) — saving an estimated 115,725 processing worker hours



**88% of children**

processed for renewal during the Unwind retained coverage in an MHCP (aged 0-19)

### EFFECTIVE COMMUNICATIONS



**1 million+**

enrollees successfully reached via implementation of a multiphase communications campaign

### ENROLLEE EXPERIENCE

**~147,000**

record searches via the Renewal Date Lookup Tool to provide important renewal information to enrollees



<sup>1</sup>Minnesota's 87 counties and 11 Tribal Nations are served by 78 processing agencies across the state.

# Thank You!