



DEPARTMENT OF
HUMAN SERVICES

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.

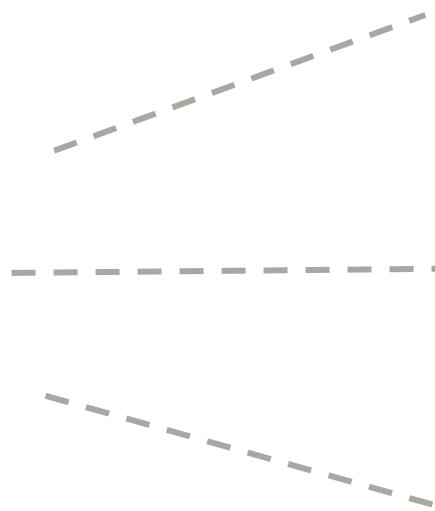
VISION

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

Leading an impactful transformation



Budget: \$26B
Employees : 7,285



Budget and employees split from DHS*



Budget: \$23B
Employees: 2,378



Budget: \$2.4B
Employees : 491



Budget: \$0.7B
Employees : 5,054

*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.

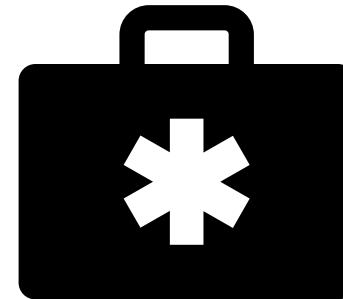
The New DHS – DHS Administrations



Aging &
Disability
Services



Behavioral
Health



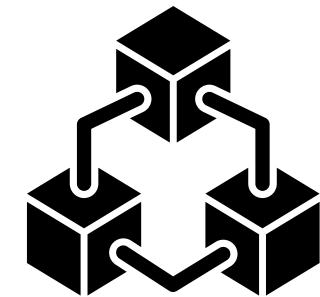
Health
Care



Homelessness,
Housing &
Support Services

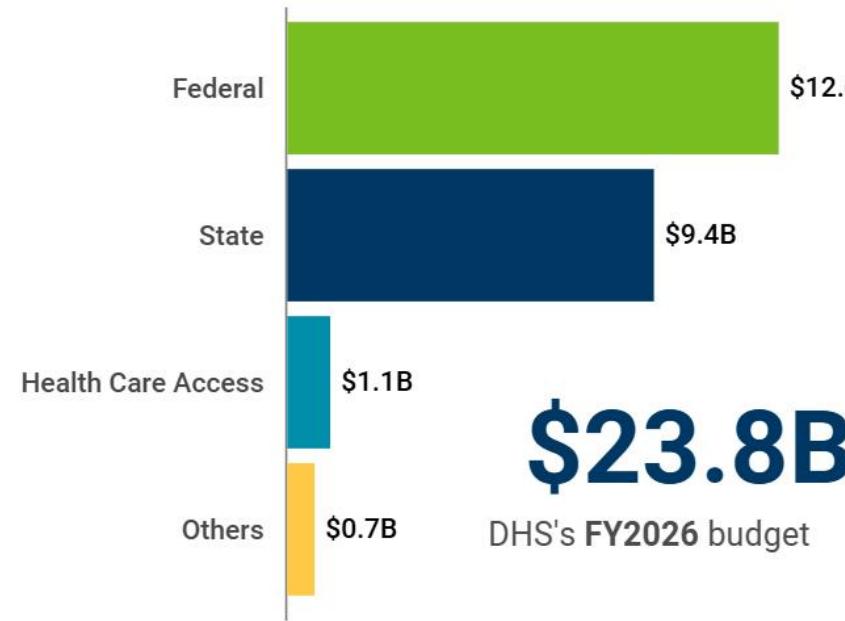


Office of
Inspector
General



Central
Office

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



-  585,000+ children
45% of children in MN
-  990,000+ adults and parents
29% of adults in MN
-  170,000+ older adults
17% of older adults in MN
-  180,000+ people with disabilities
28% of people with disabilities in MN

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.

“11th nationally in health care access, quality and outcomes”

(The Commonwealth Fund, 2023)



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

“1st nationally in services for older adults and people with disabilities”

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



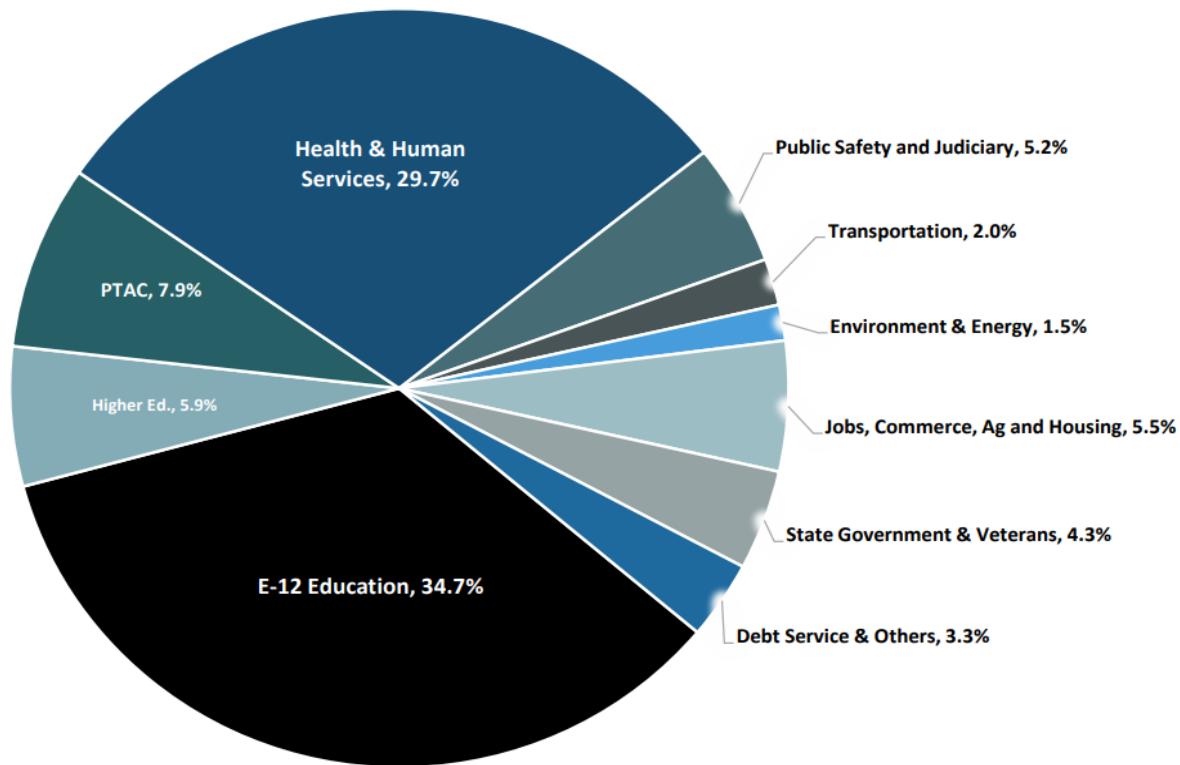
Providing high quality supports for children mental health in the appropriate setting including schools.

“5th nationally in child well-being”

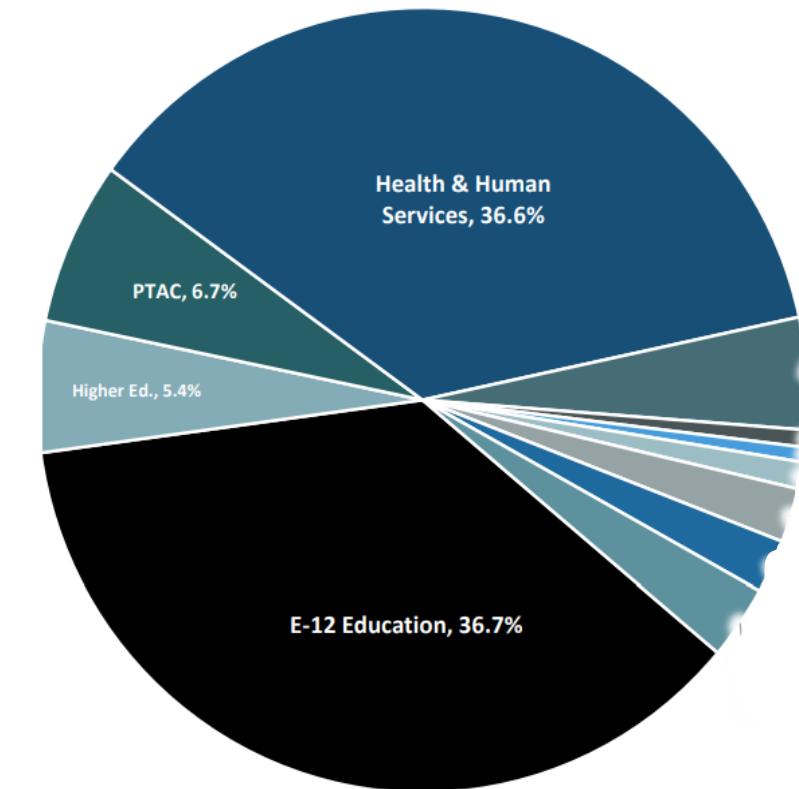
(Annie E. Casey Foundation, 2024)

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

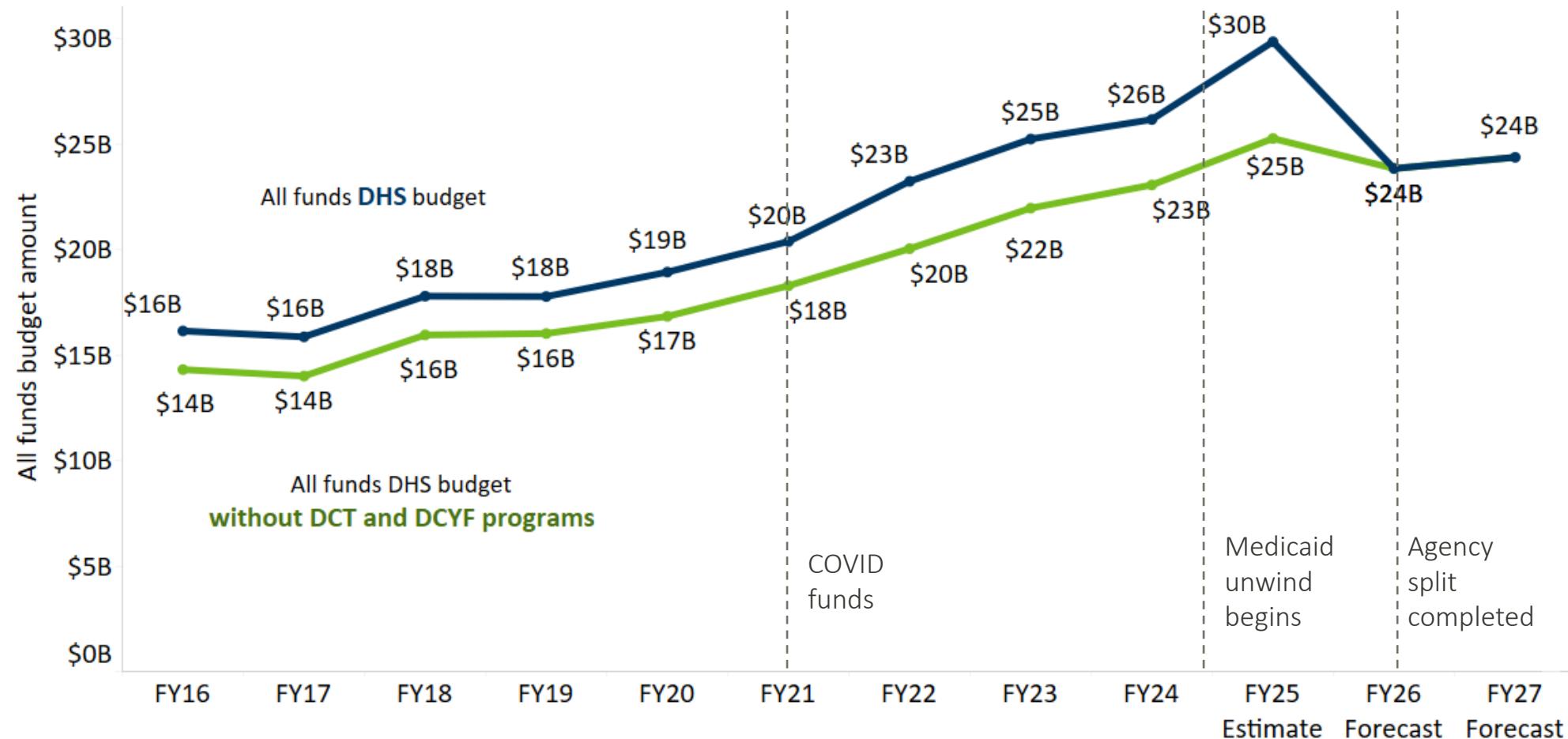
More than half of DHS' budget comes from federal sources

Budget by Source of Funding

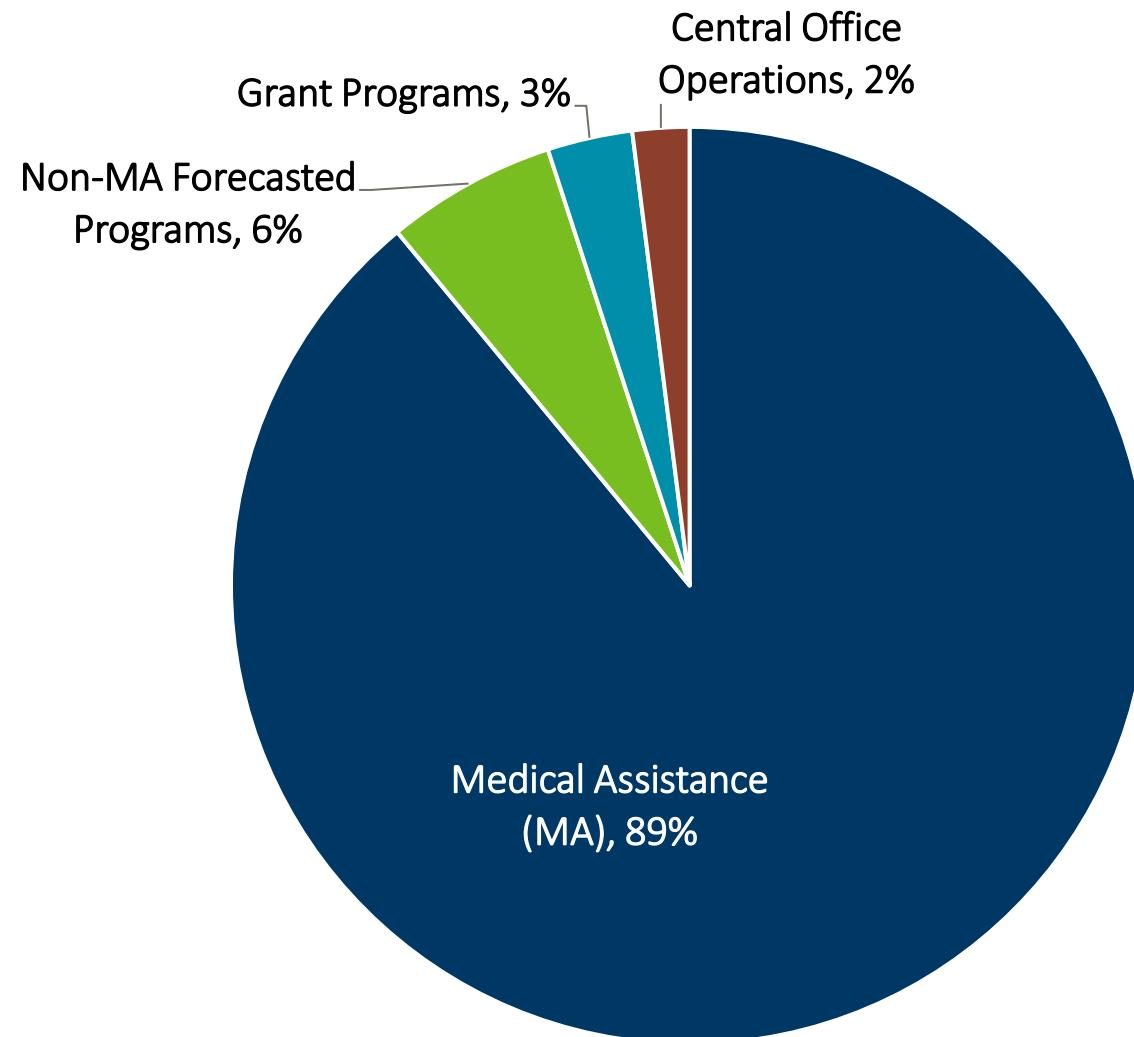


DHS Budget Over Time

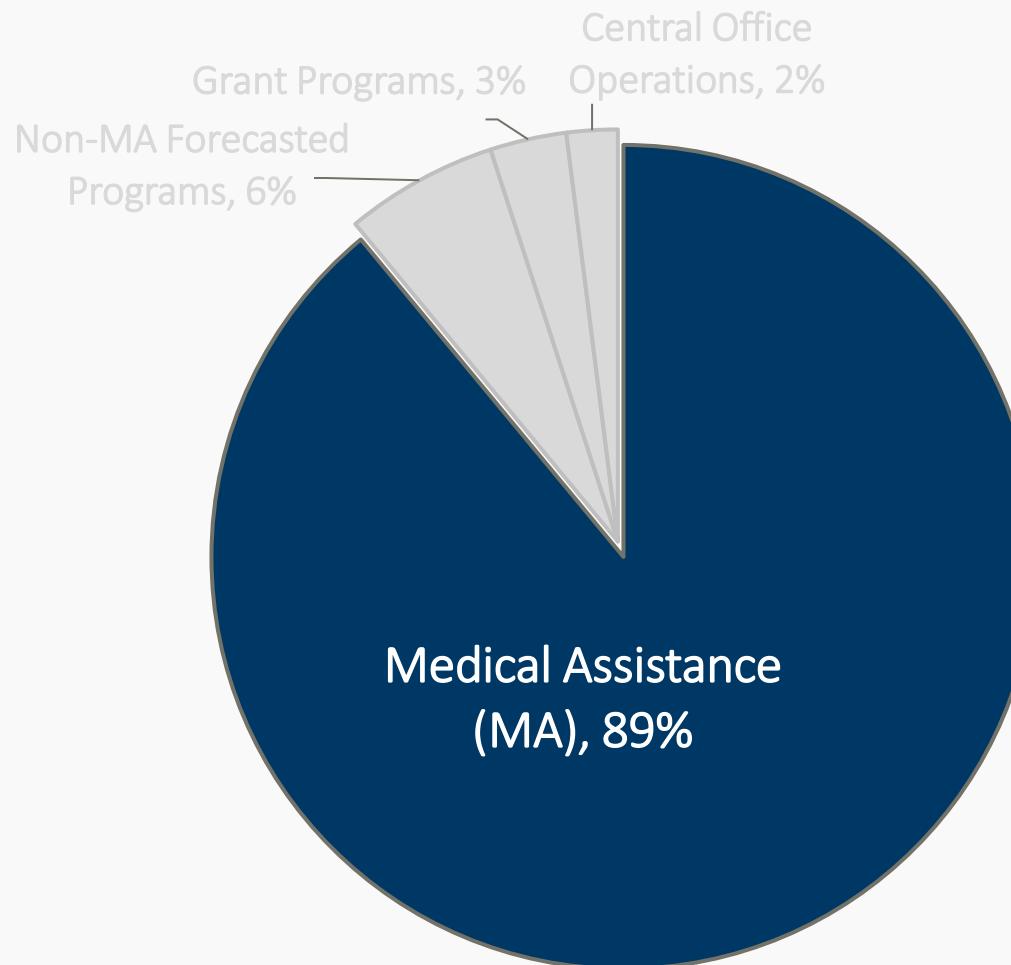
DHS all funds budget (with and without DCYF and DCT programs)



DHS FY 2026 expenditures all funds



DHS FY 2026 expenditures: Medical Assistance (MA)

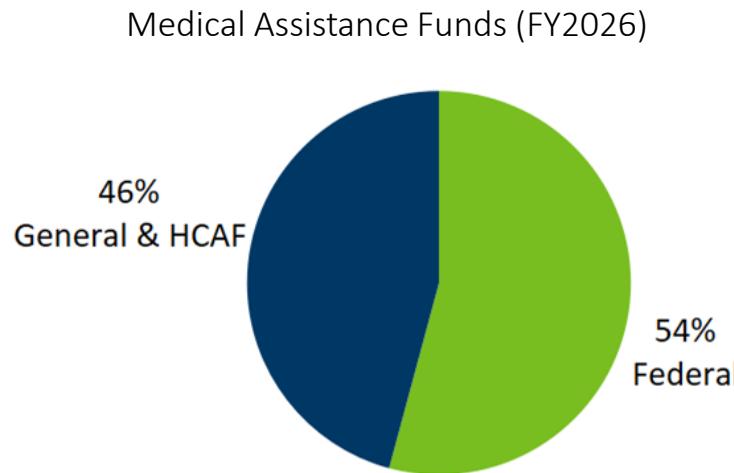


Medical Assistance (MA)

Health insurance for low-income Minnesotans for:

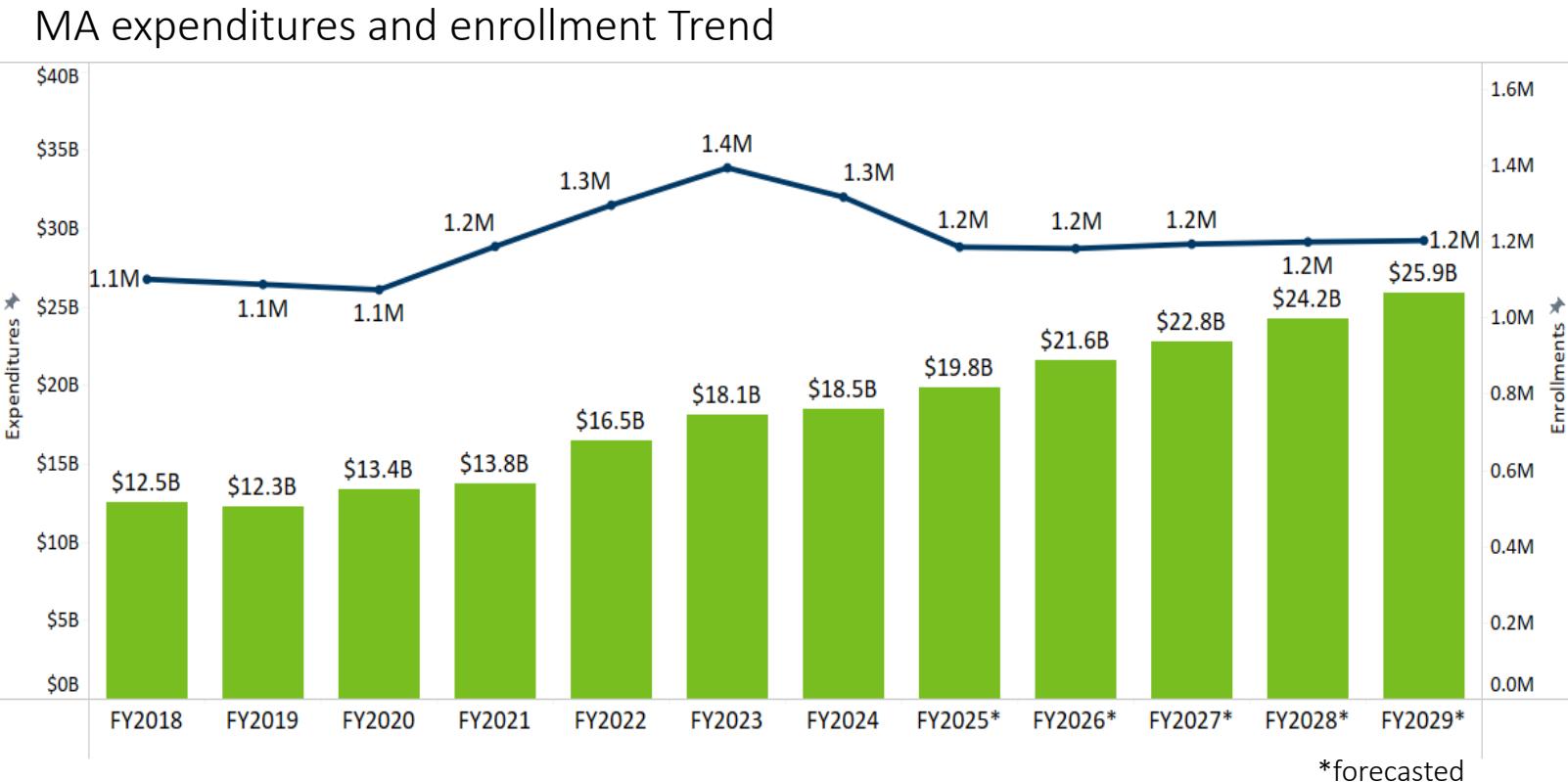
- **Preventive** and primary health care
- **Behavioral Health** supports, including mental health and substance use disorder services
- **Long-term care** services and supports for people with **disabilities and older adults** so that they can **continue living in the community**
- **Nursing facility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

Medical Assistance (MA) overview



42%

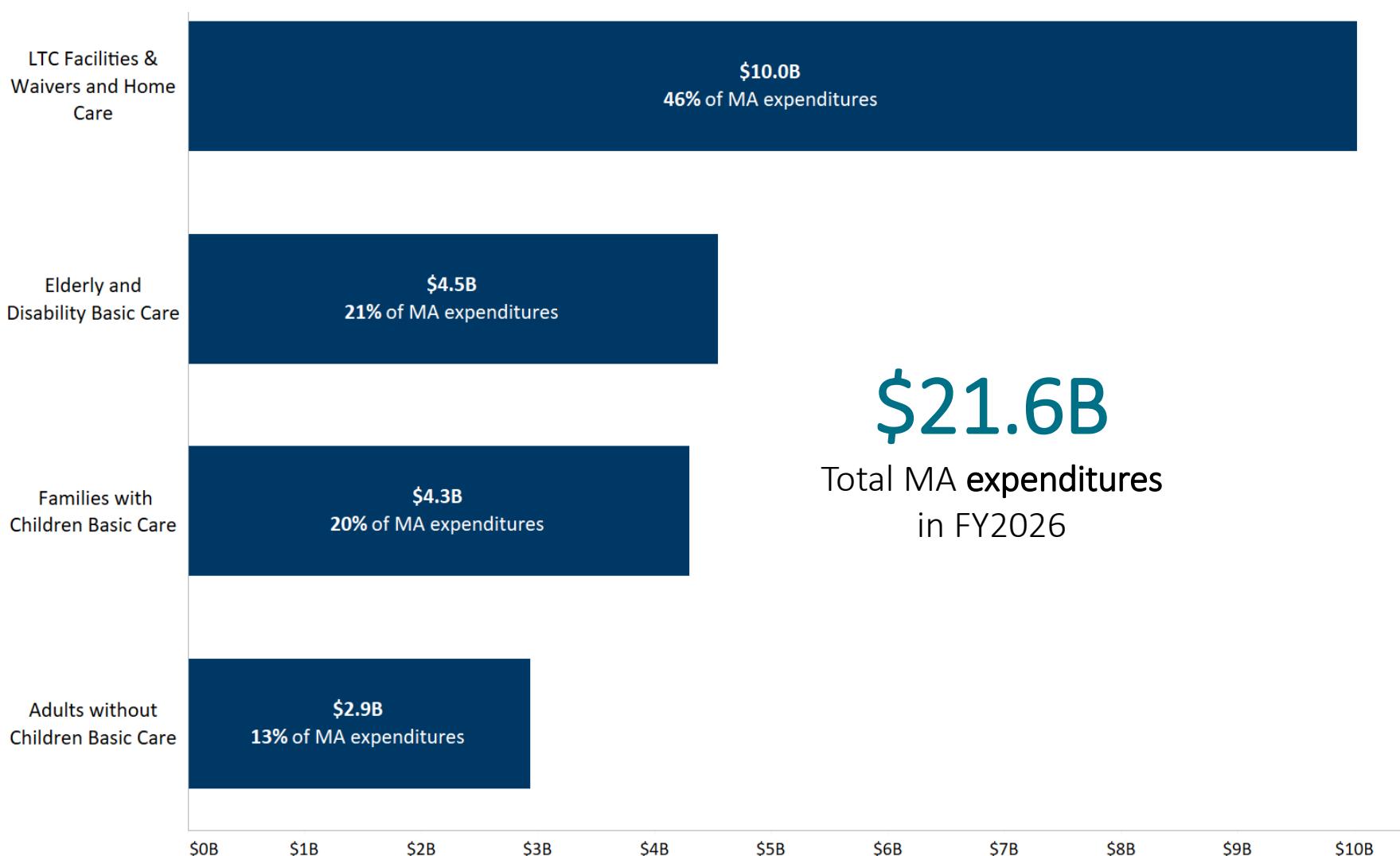
of children in the state have their health care covered by Medicaid



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



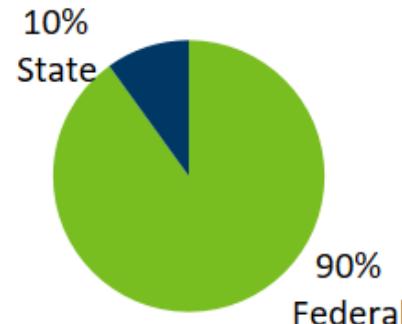
MA Families with Children Basic Care

Funding sources FY2026



MA Adults without Children Basic Care

Funding sources FY2026

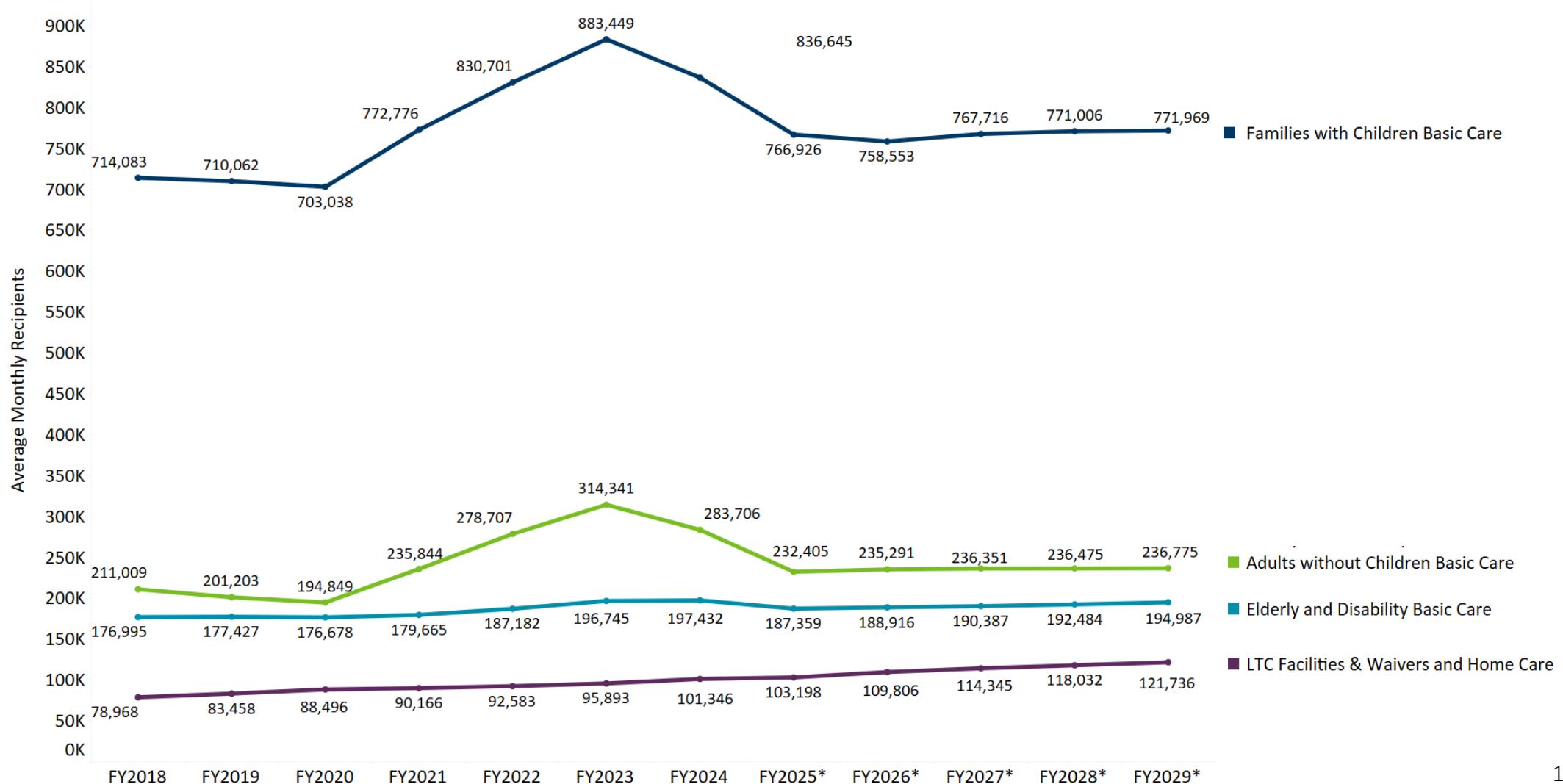


MA Elderly and Disabled Basic Care

Funding sources FY2026



MA average monthly recipients



MA current expenditures vs recipients

MA annual expenditures

LTC Facilities & Waivers and Home Care
\$7.7B annual expenditures

Elderly and Disability Basic Care
\$4.0B annual expenditures

Families with Children Basic Care
\$4.0B annual expenditures

Adults without Children Basic Care
\$3.3B annual expenditures

MA average monthly recipients

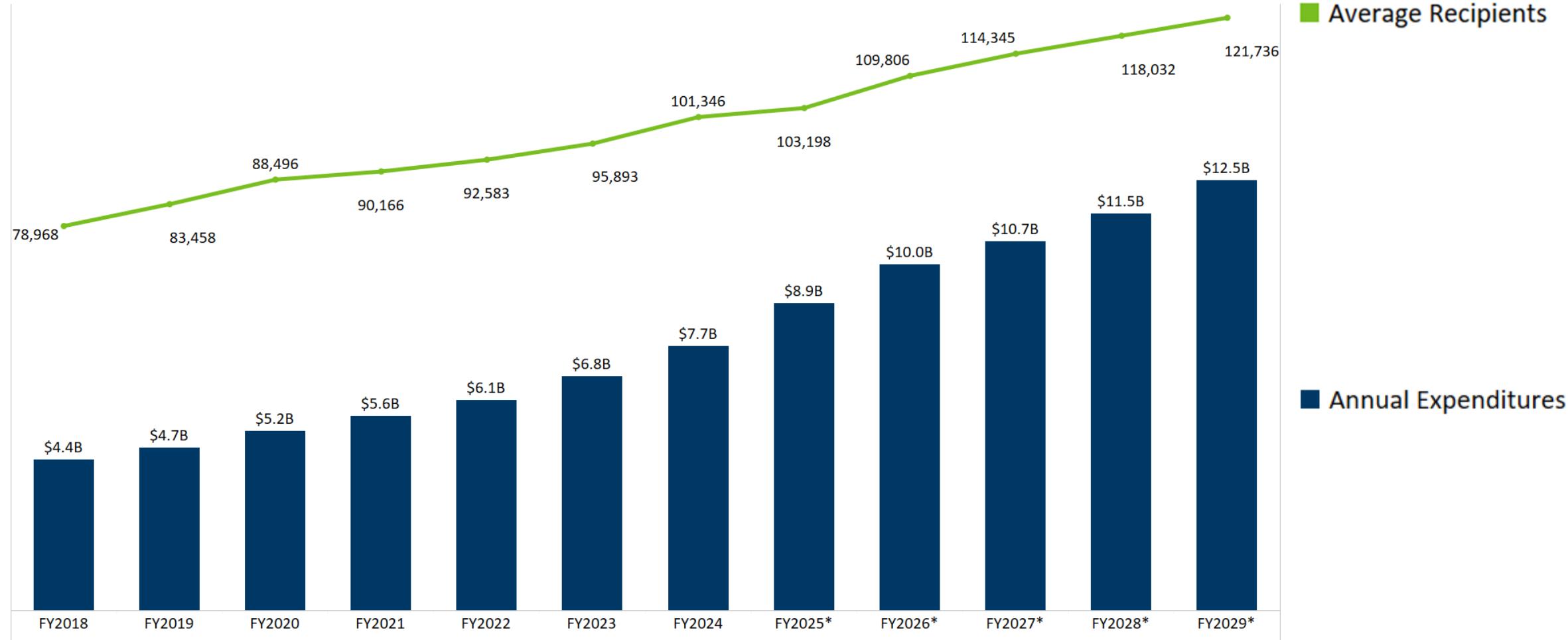
Families with Children Basic Care
837K average recipients

Elderly and Disability Basic Care
197K average recipients

Adults without Children Basic Care
284K average recipients

LTC Facilities & Waivers and Home Care
101K average recipients

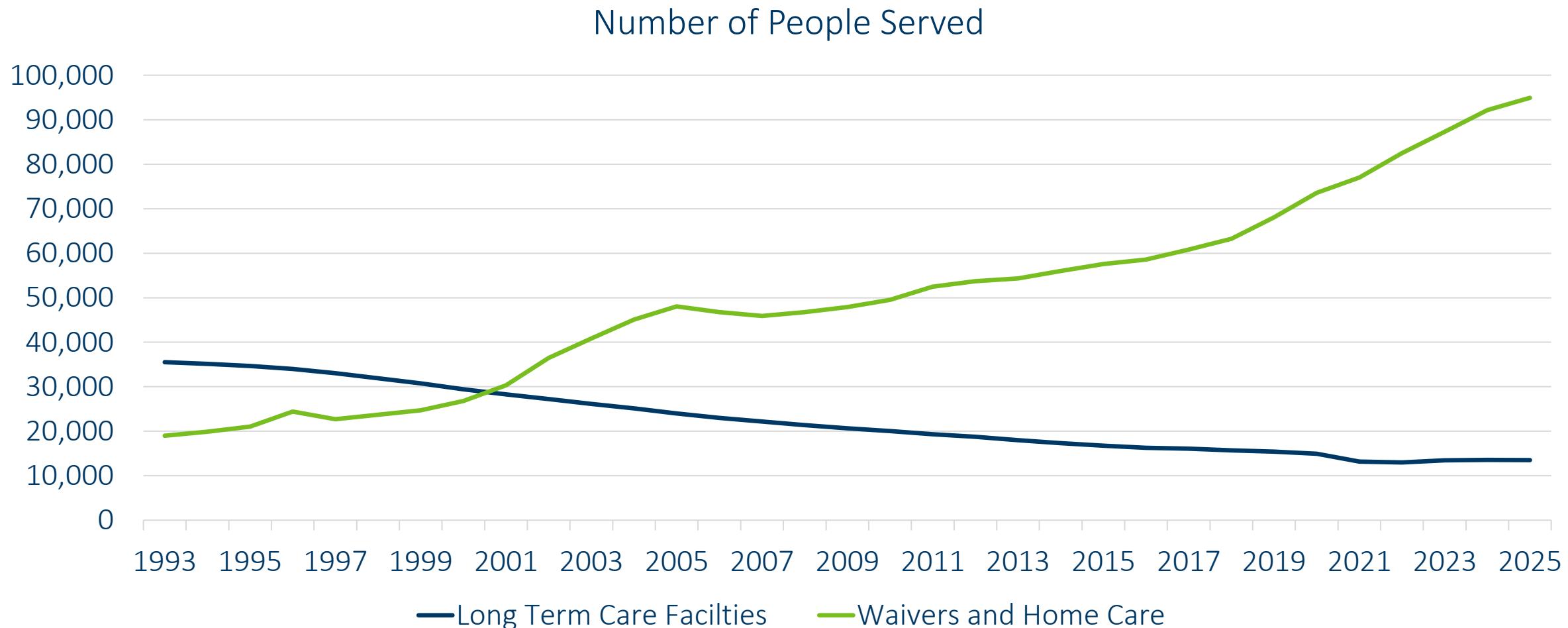
Long Term Care Recipients and Expenditures



*Forecasted

18

Changes in how long-term care services are delivered



Drivers in Increased Long Term Care Spending



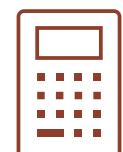
People

- 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

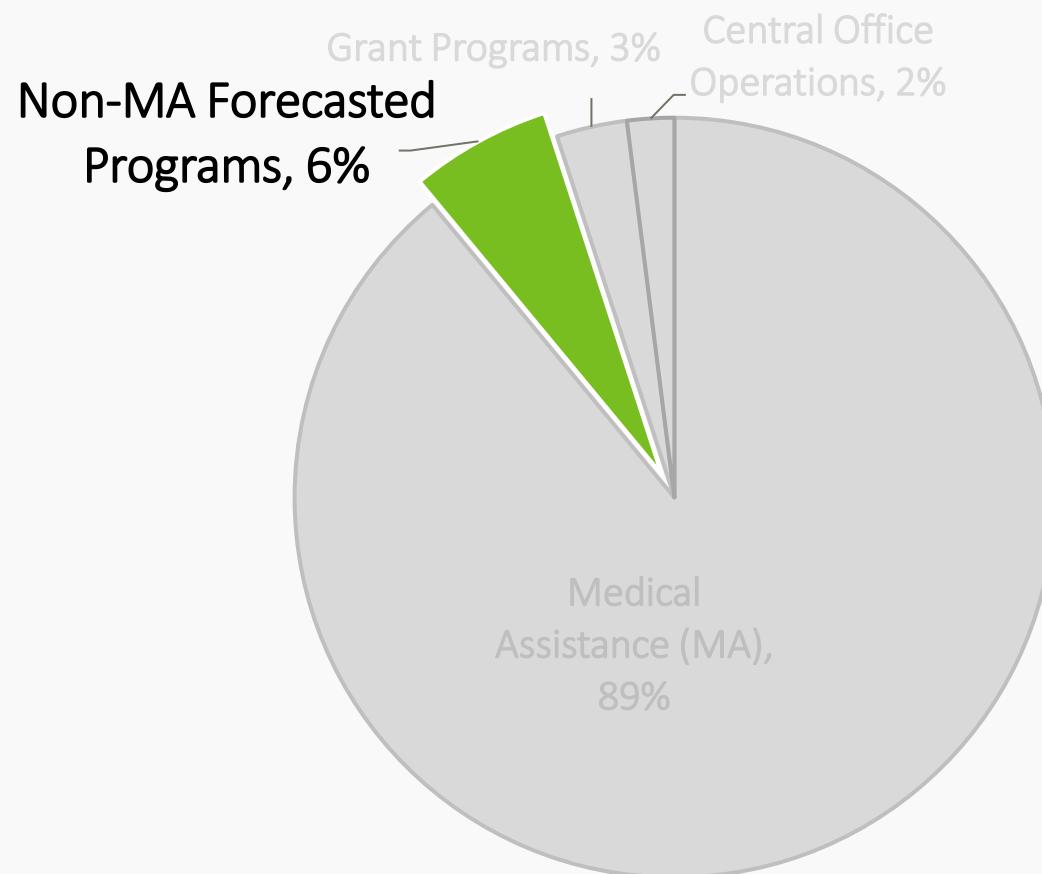
- More people are accessing long term care in their communities and fewer people are accessing long term care in facilities
- Increases in the number/type of services authorized and billed
- Residential services continue to be a large cost driver in the waiver programs



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

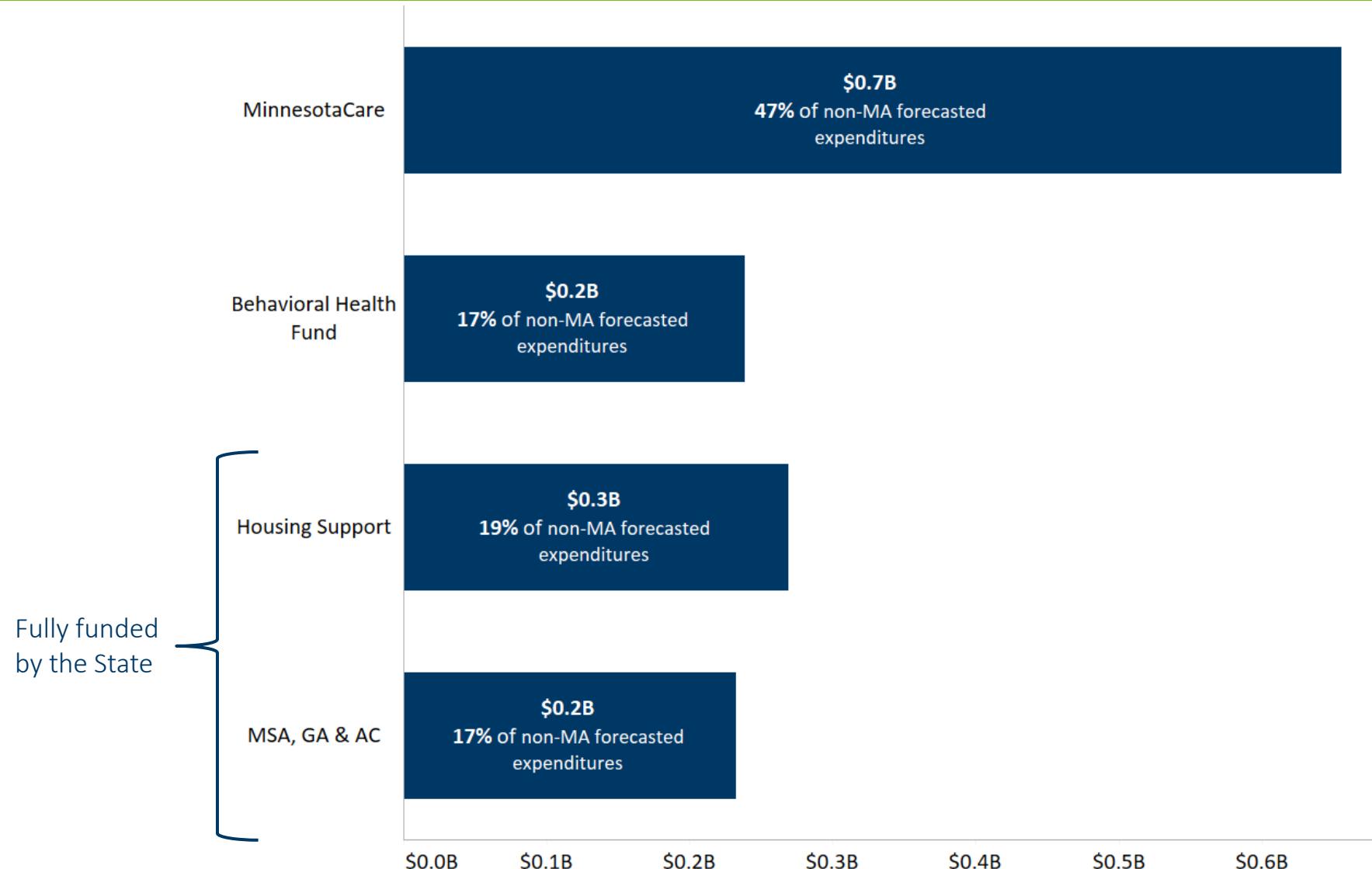
The Behavioral Health Fund pays for mental health and residential and outpatient substance use disorder services

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)

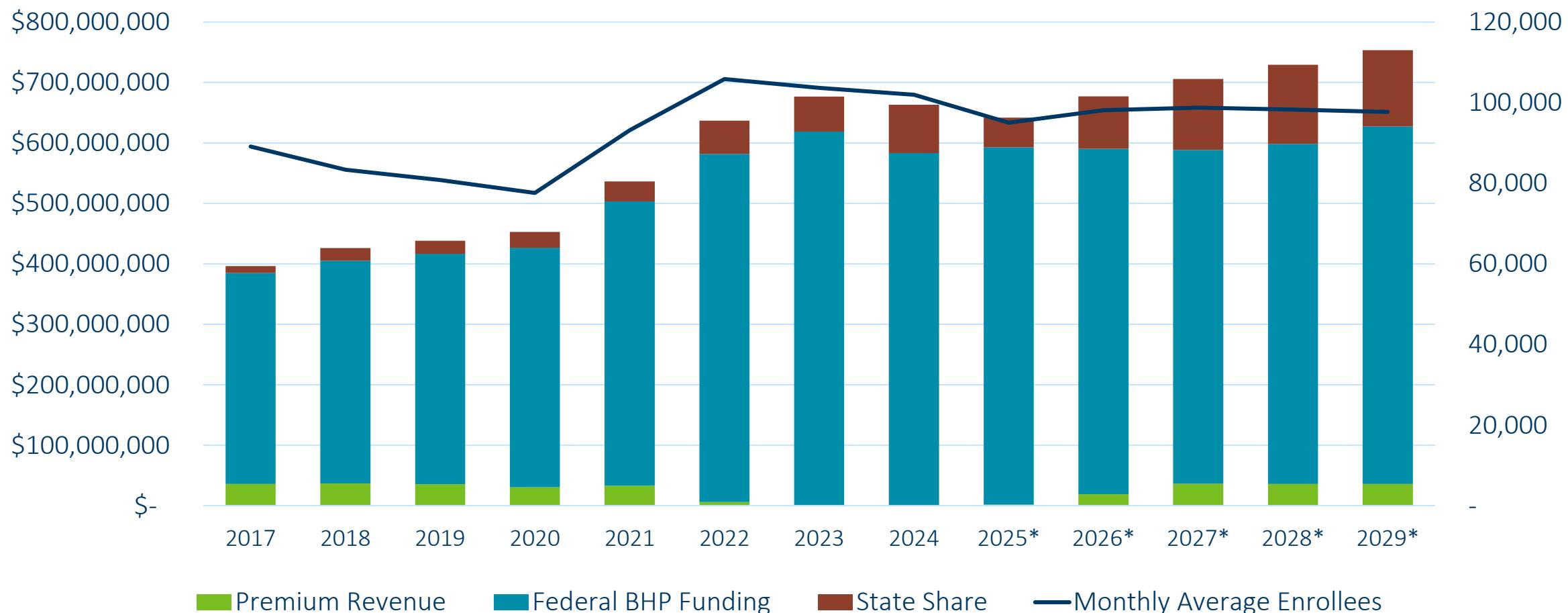
Non-MA Forecasted Programs Expenditures – FY 2026



\$1.4B

Total Non-MA forecasted programs **expenditures** in FY2026

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

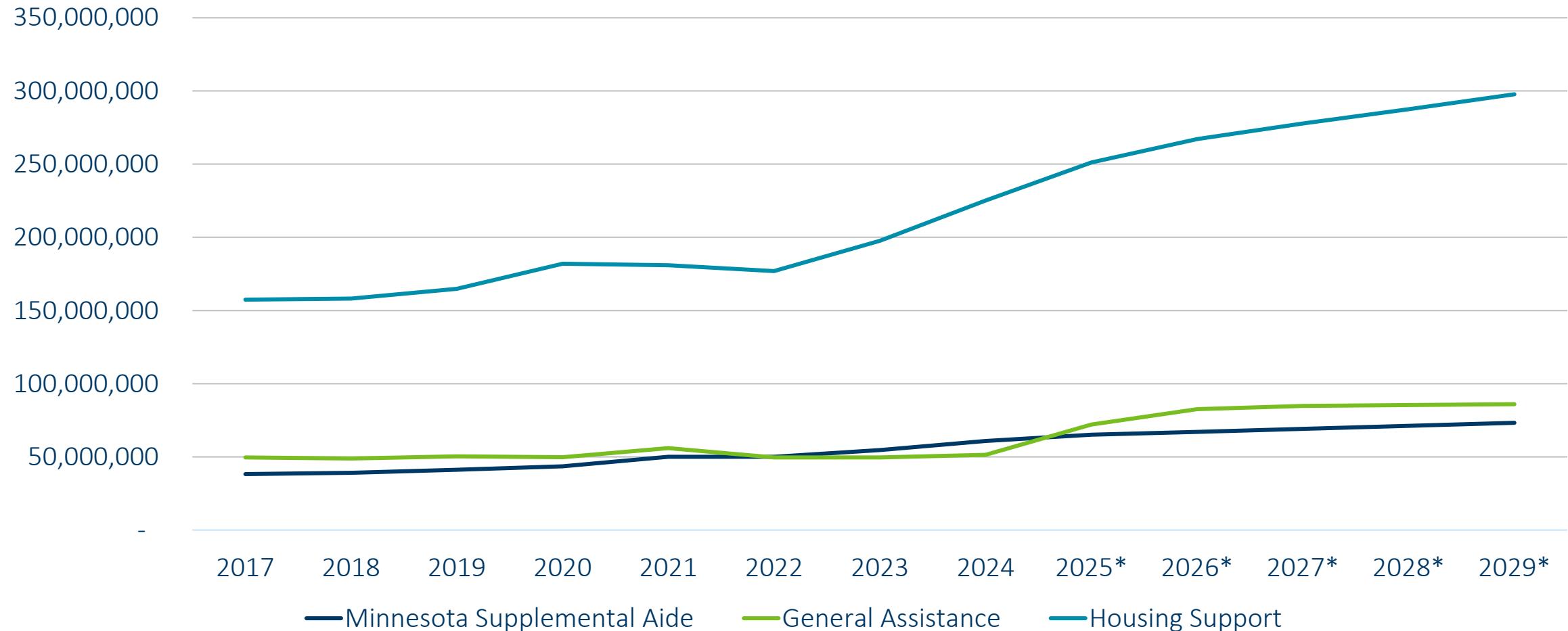


30,000 people
each month



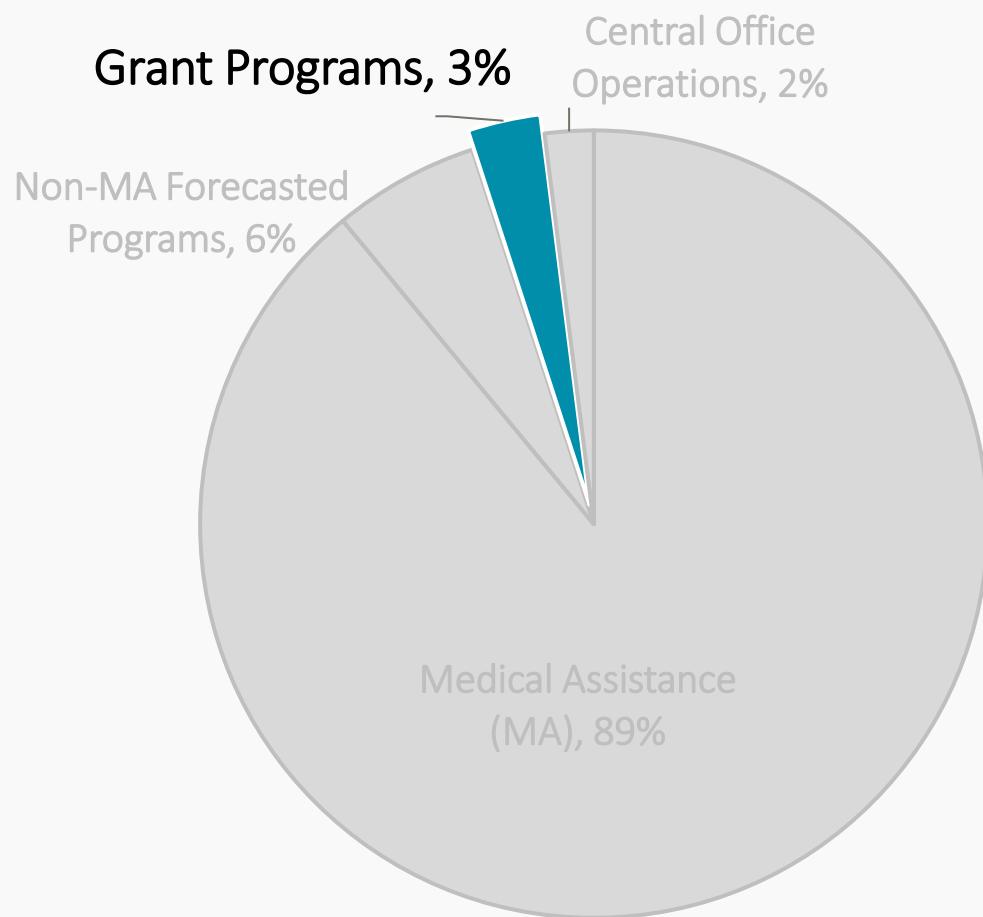
\$61 million
in FY 2024

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



*forecasted

DHS FY 2026 expenditures: Grant Programs



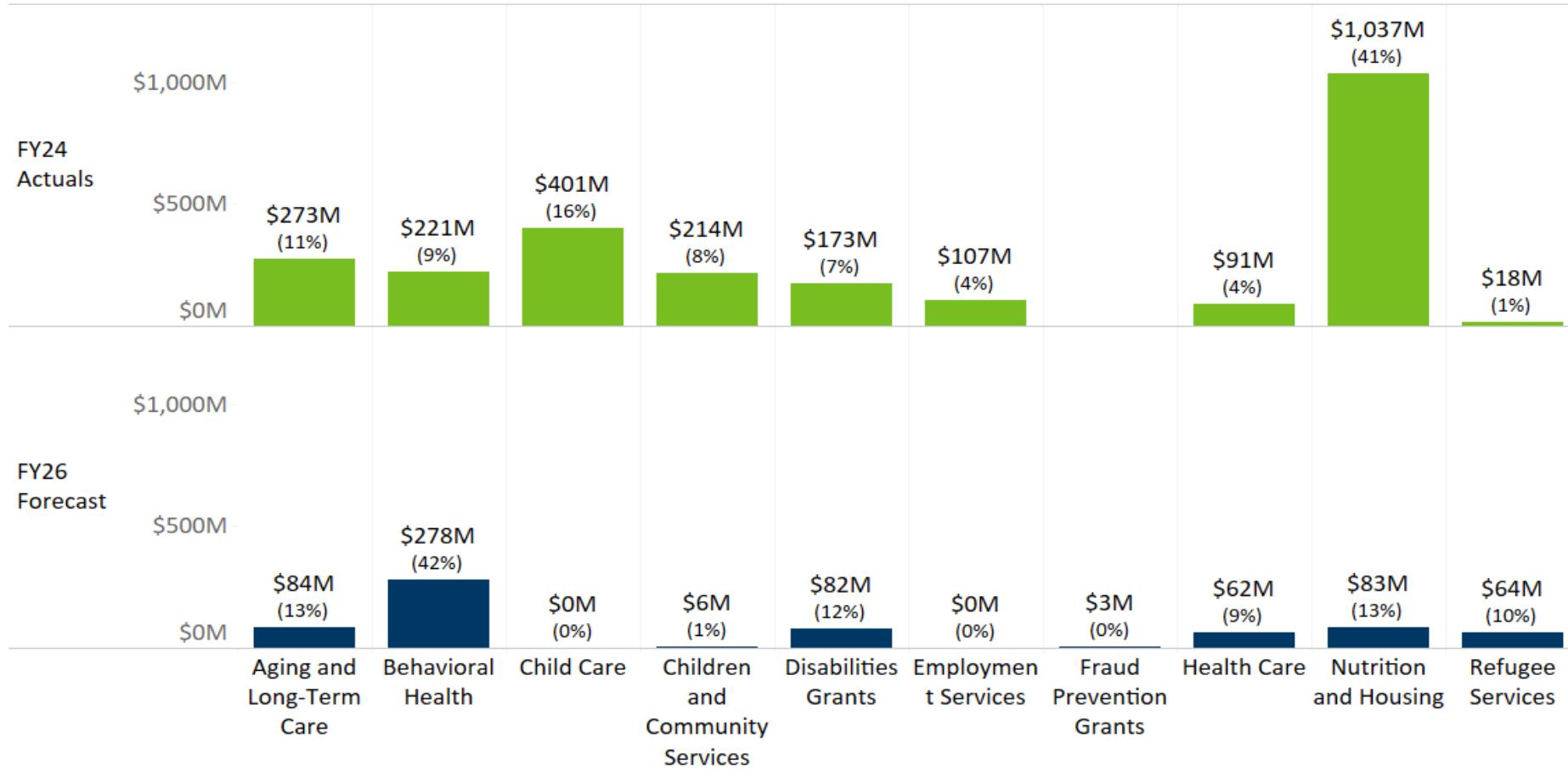
Grant Programs

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

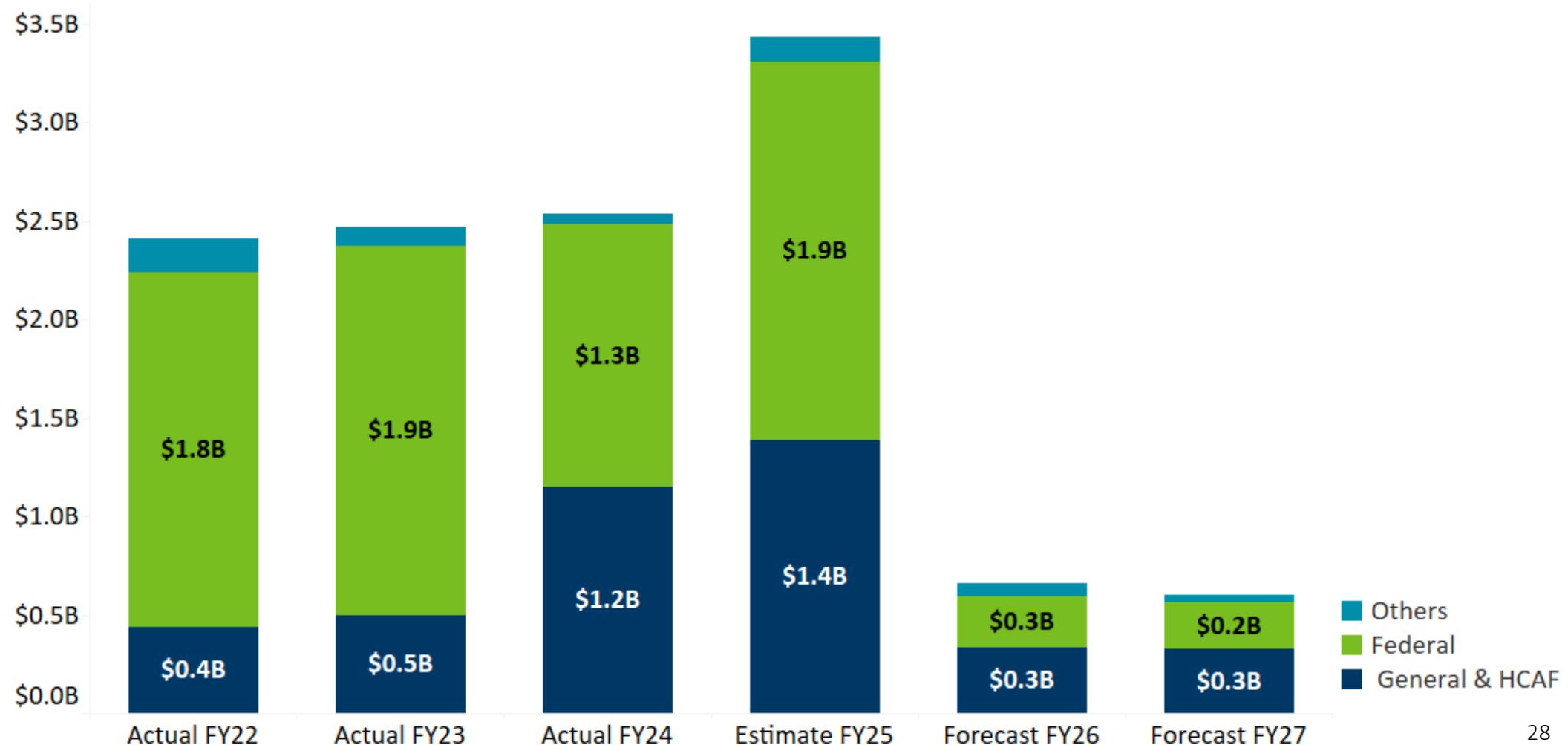
\$2.5B
Grant expenditures in FY2024

After DCYF separation

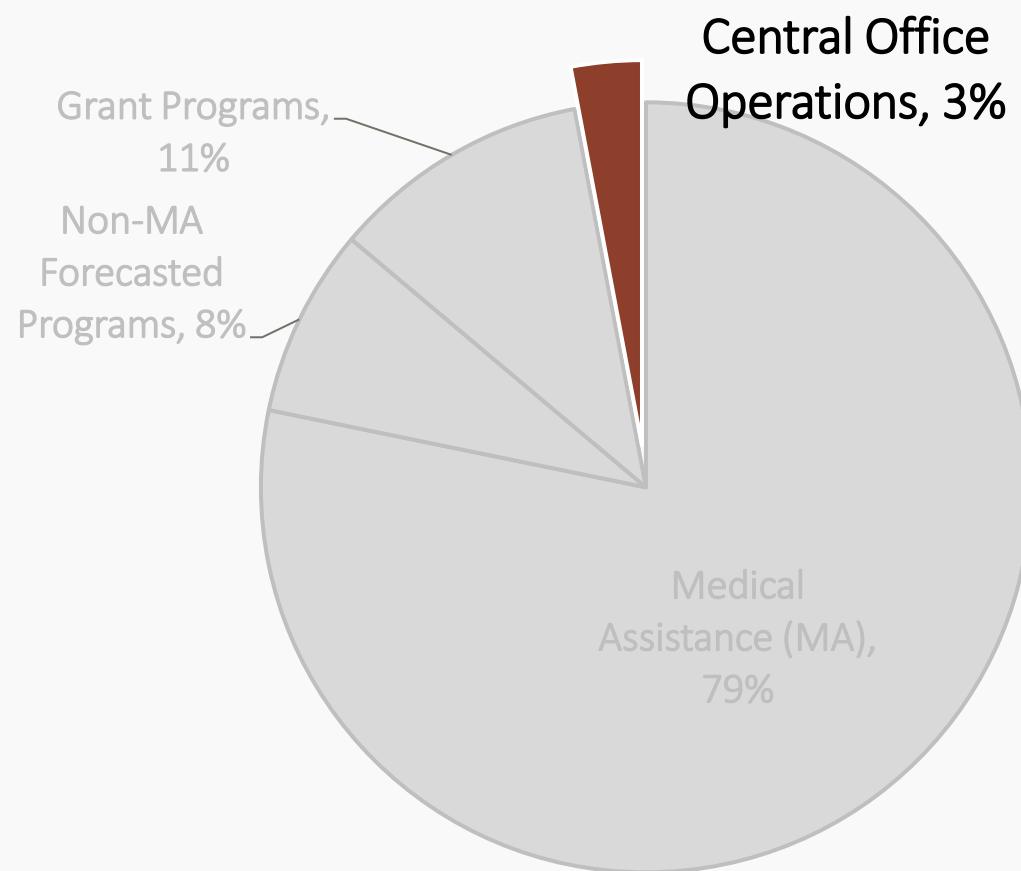
\$0.6B
Grant Forecasted expenditures in FY2026

DHS Grant Expenditures Over Time

Grant Expenditures by Fund Over Time



DHS FY 2026 expenditures: Central Office Operations

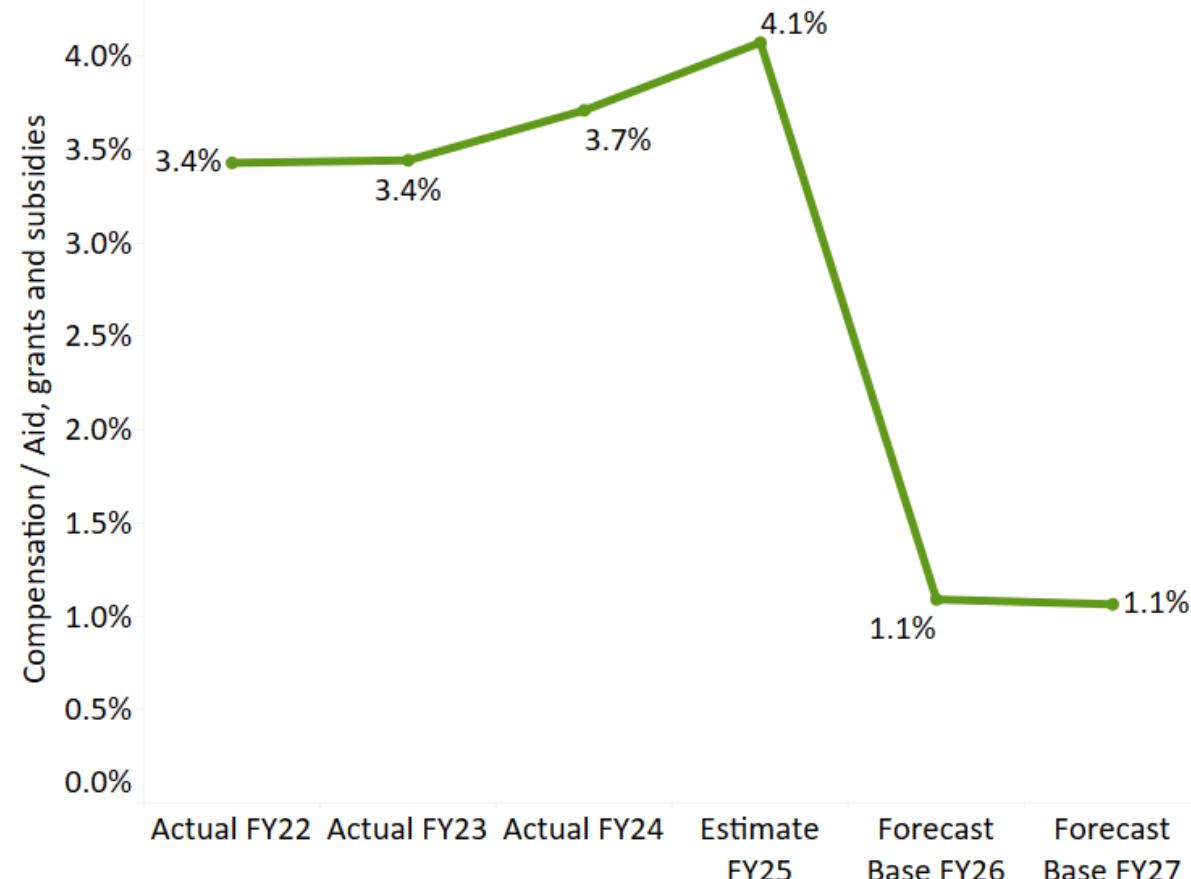


Central Office Operations

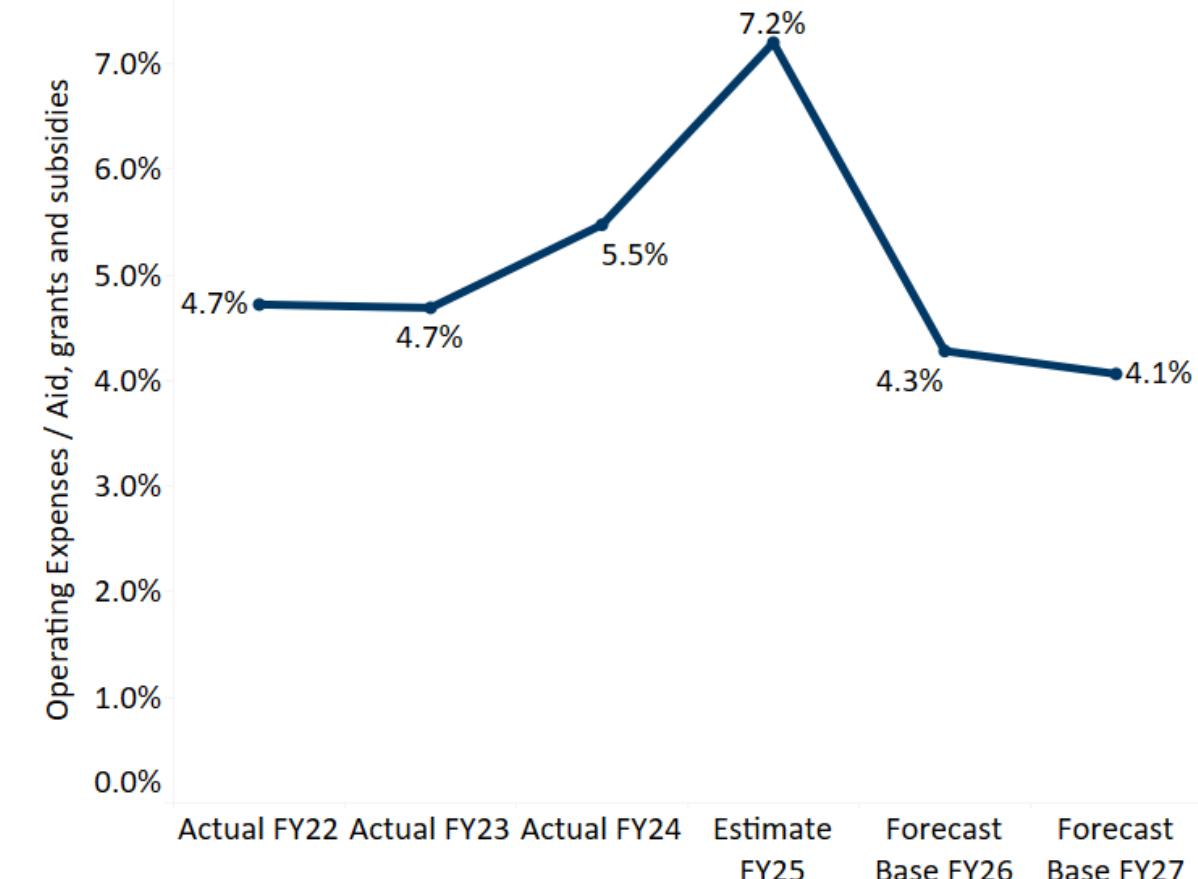
- License service providers and conduct background studies to protect our most vulnerable citizens
- Ensures integrity in spending of public resources
- Oversees and provides administrative support to counties, Tribal Nations, and social service agencies
- Administers publicly funded programs and oversee 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

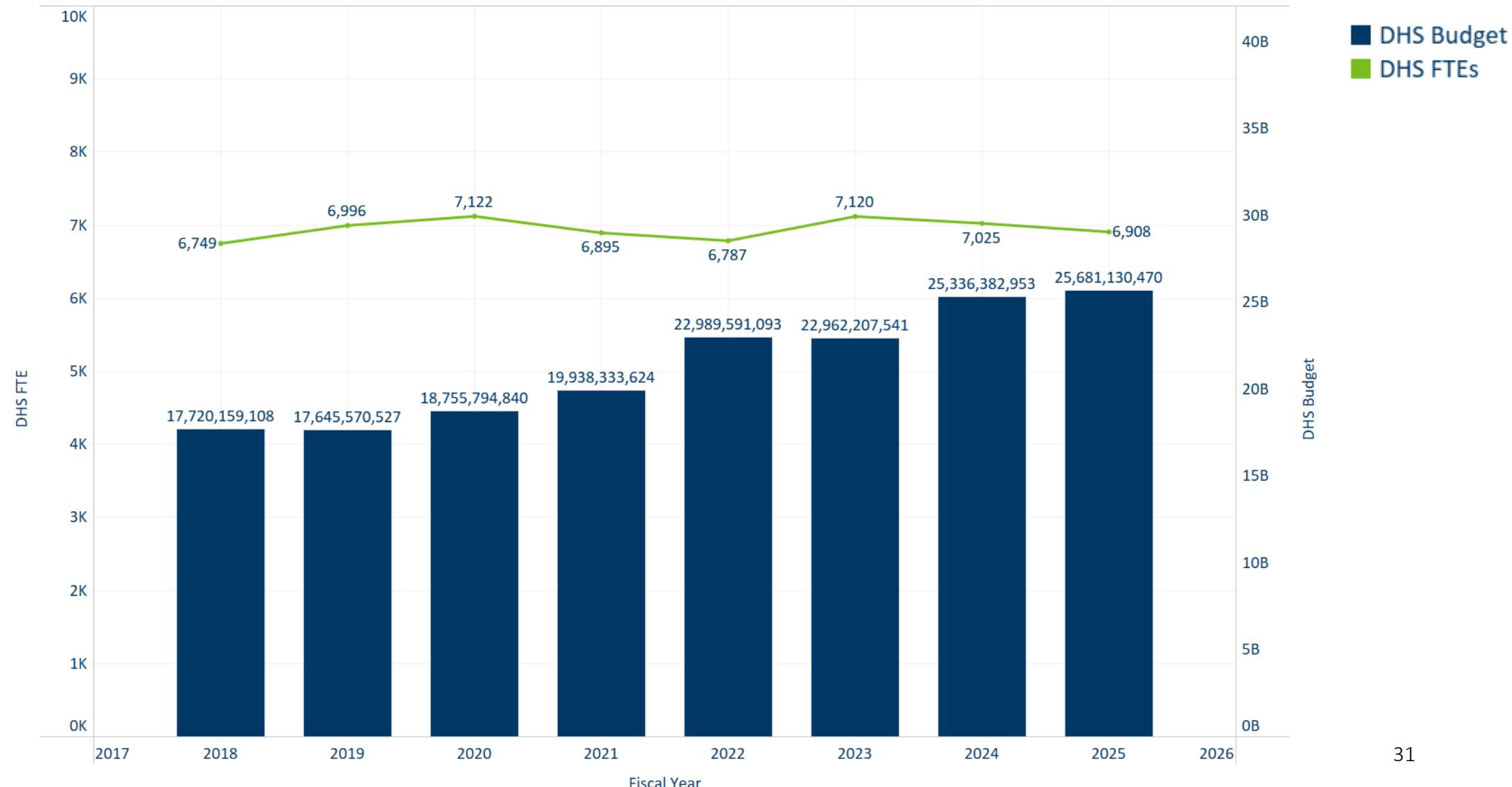
Compensation as a percent of aid, grants and subsidies



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



FY Increase in DHS FTEs and DHS Budget

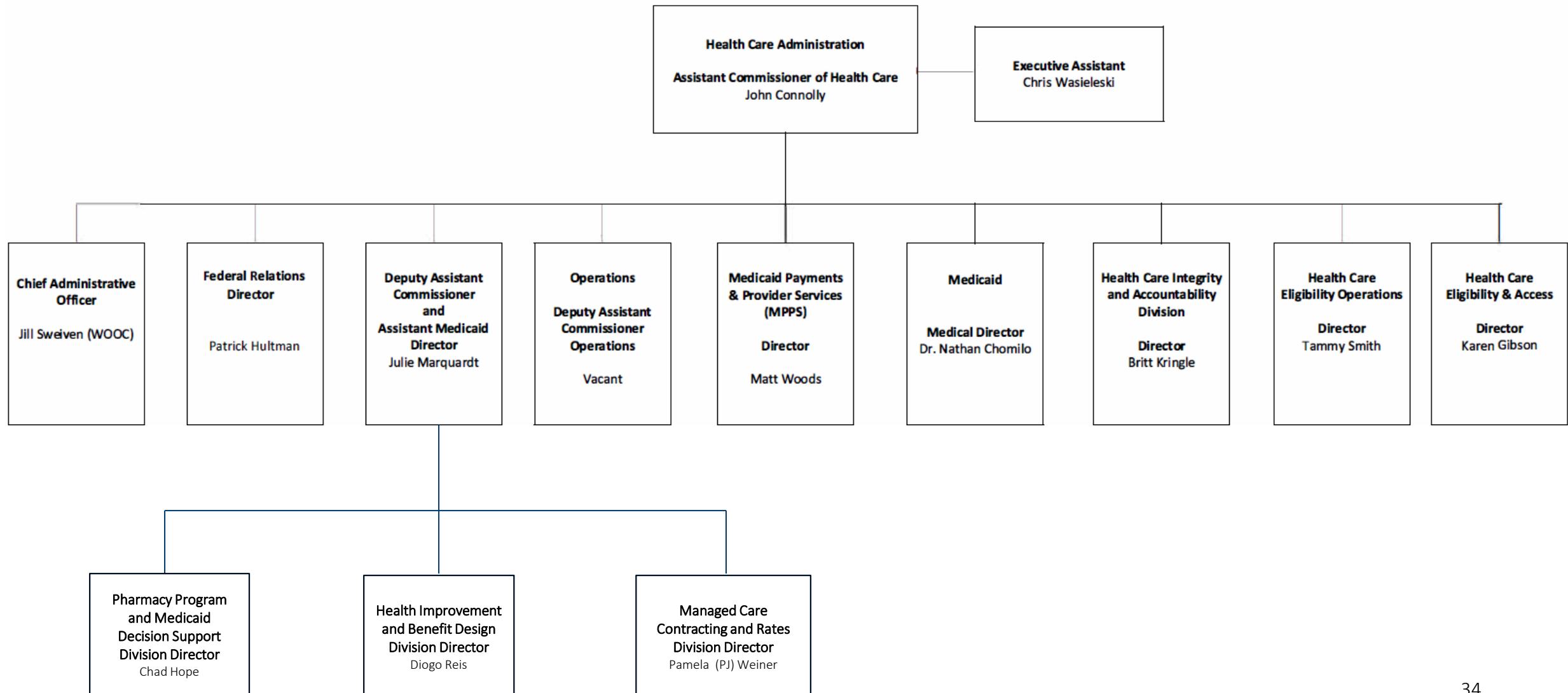


Resources on the DHS Budget

- [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	MA 133% FPL		MCRE >133% – 200% FPL		APTC >200% - 400% FPL							
Children ages 19 - 20												
Adults under age 65												
Adults age 65 and older Individuals who have a disability or are blind	MA 100% FPL				No Subsidy							

Who is served

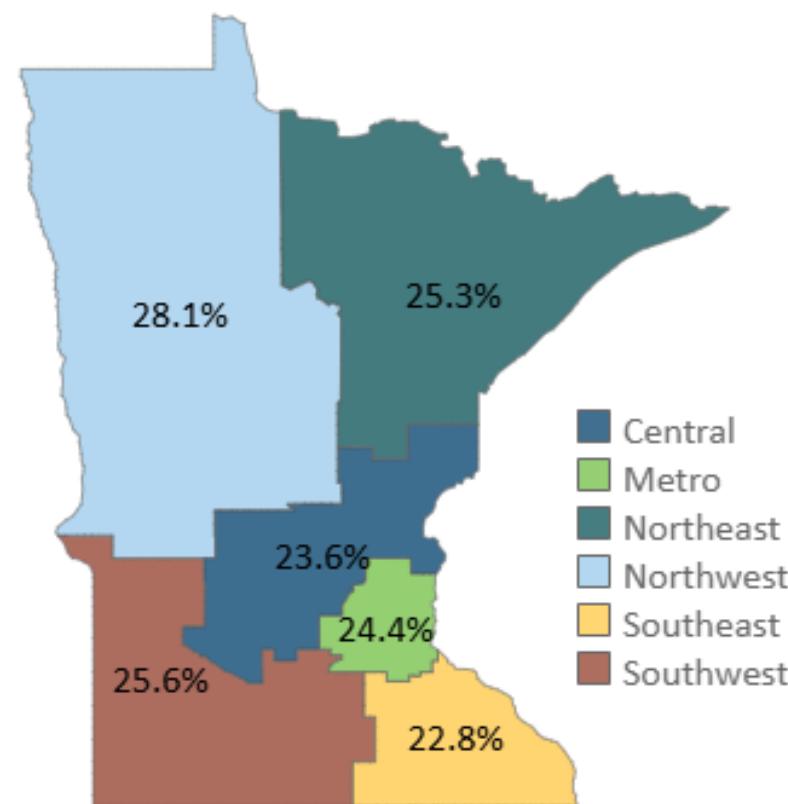


Insurance Affordability Programs (IAPs) Income and Asset Guidelines

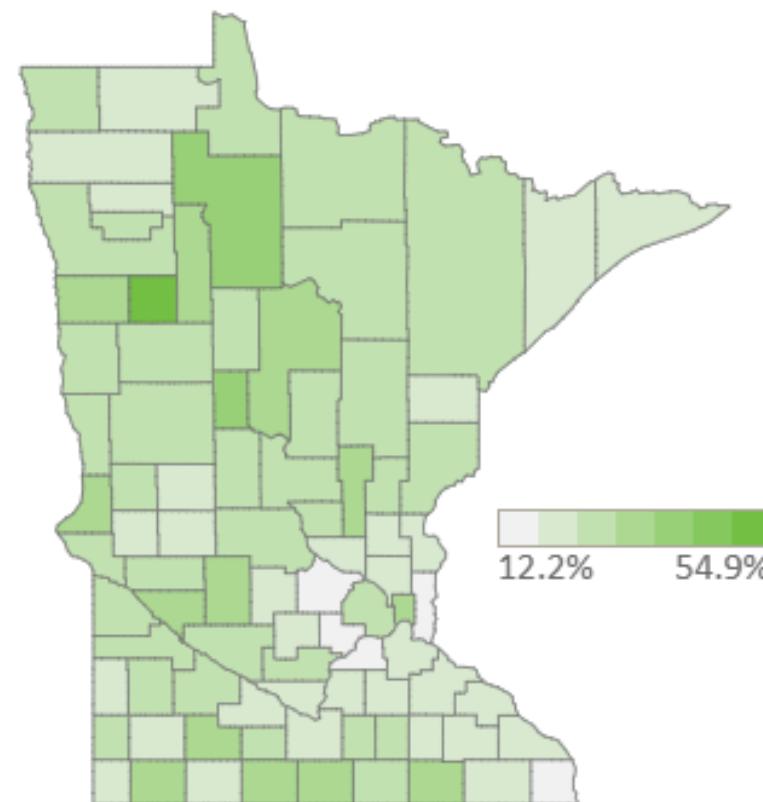
Prog.	Effective 7/1/24 – 6/30/25								Effective 1/1/25 – 12/31/25	
	MA Parents, Caretaker Relative, Children 19–20 Years Old, Adults without Children		MA Children 2–18 Years Old		MA Pregnant Women		MA Infants under Age 2		MinnesotaCare	Advanced Premium Tax Credit
Family Size	133% FPG		275% FPG		278% 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	

Who is served by Medical Assistance (MA)

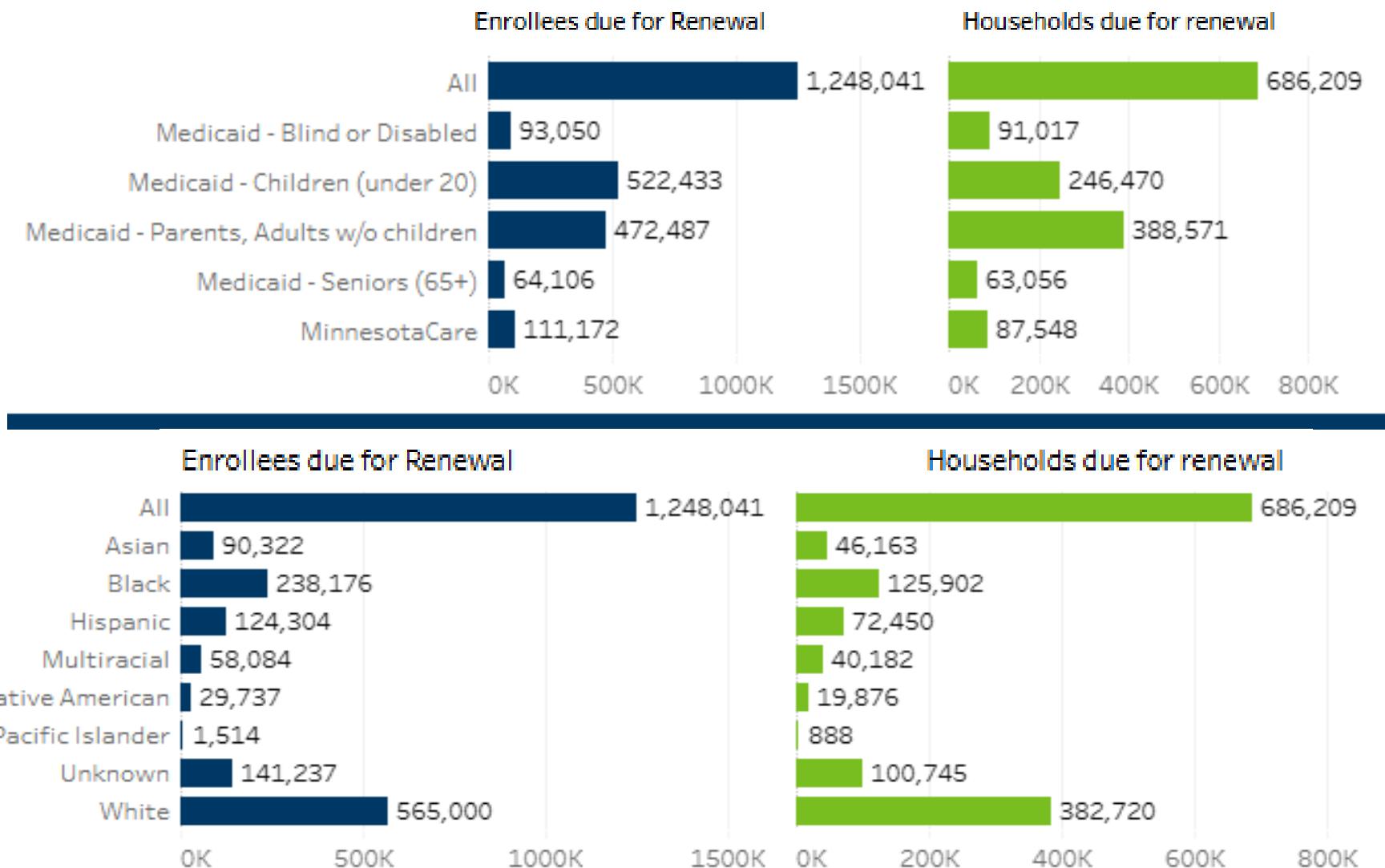
Percentage of the population within the region enrolled in Medicaid



Percentage of the population within the county enrolled in Medicaid

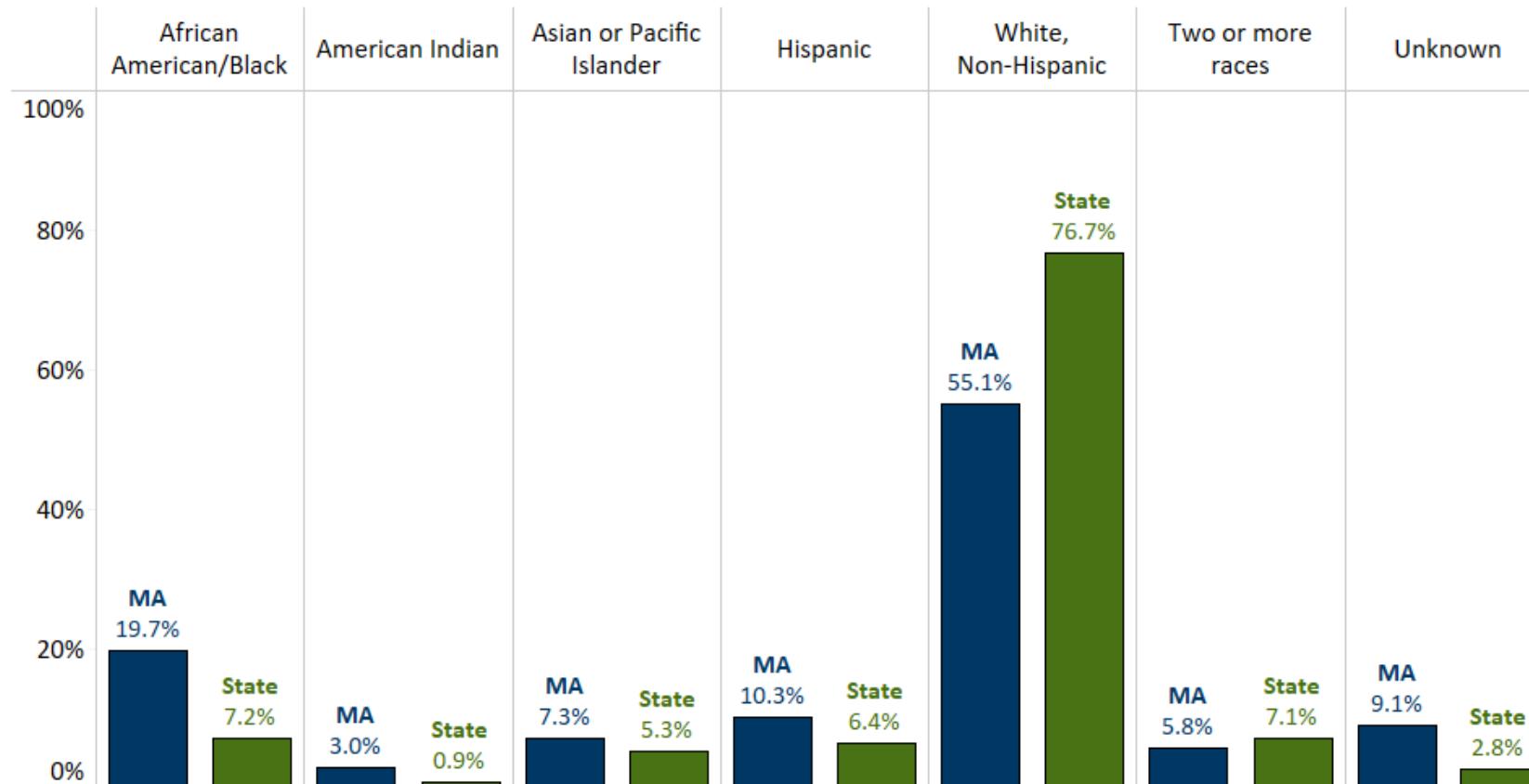


Who is served by Medical Assistance (MA)

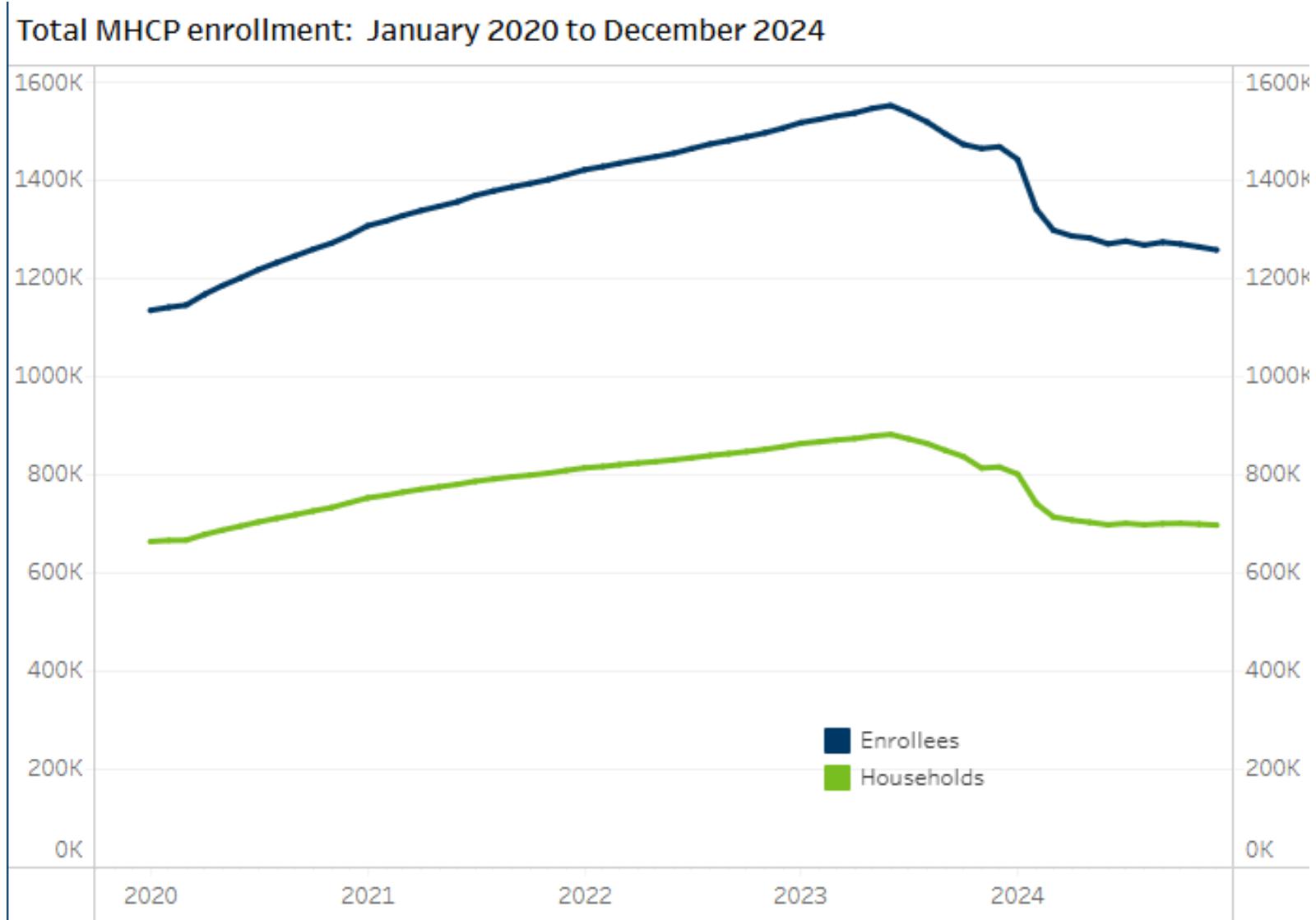


MA race and ethnicity compared to MN (CY2023)

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

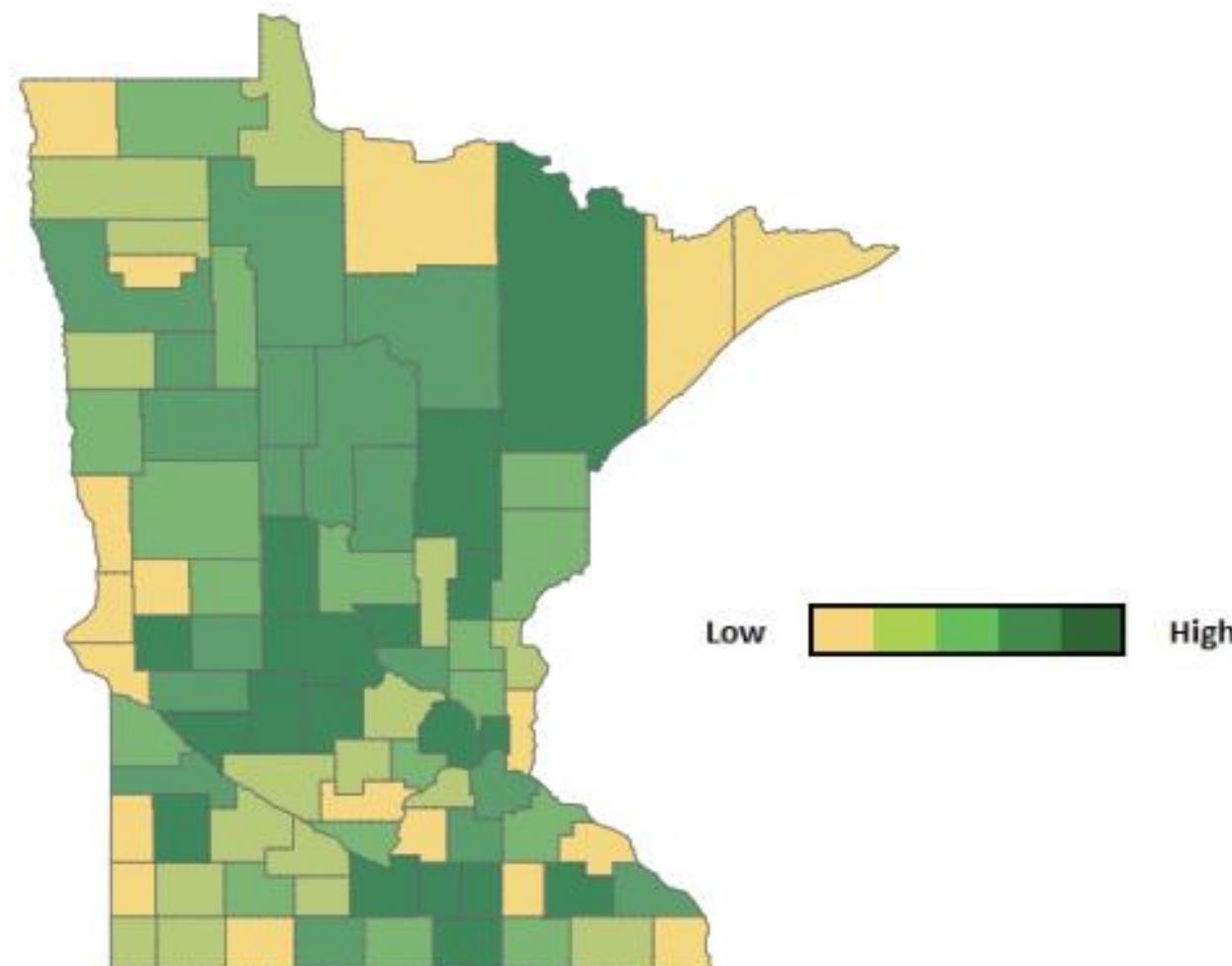


Who is served by Medical Assistance (MA)

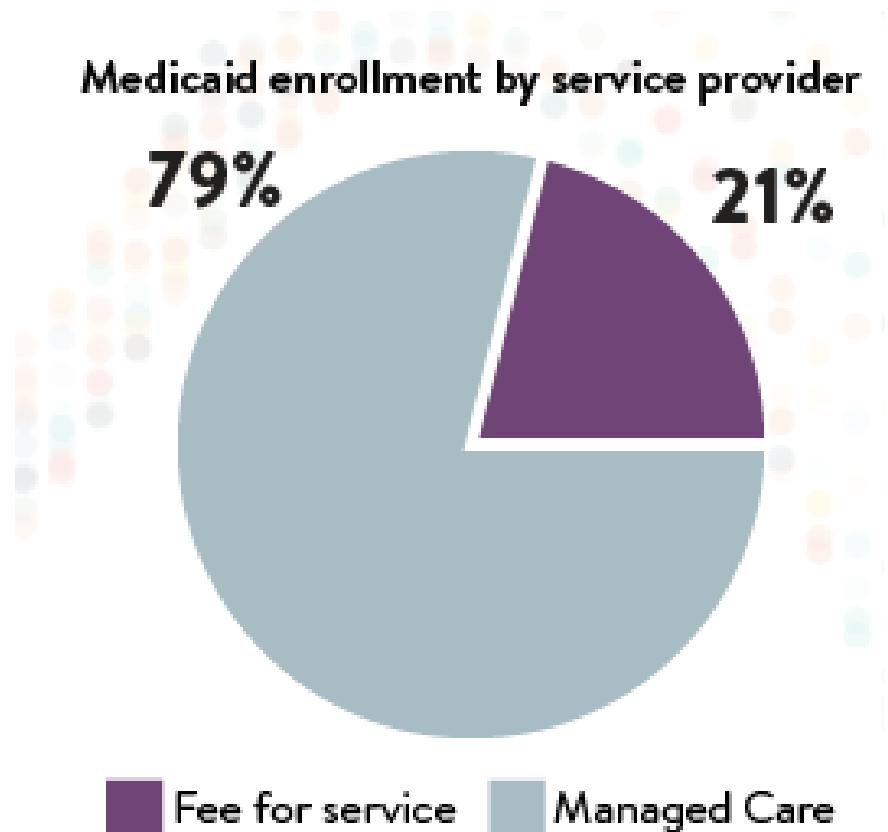


Where Members are Getting Care

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



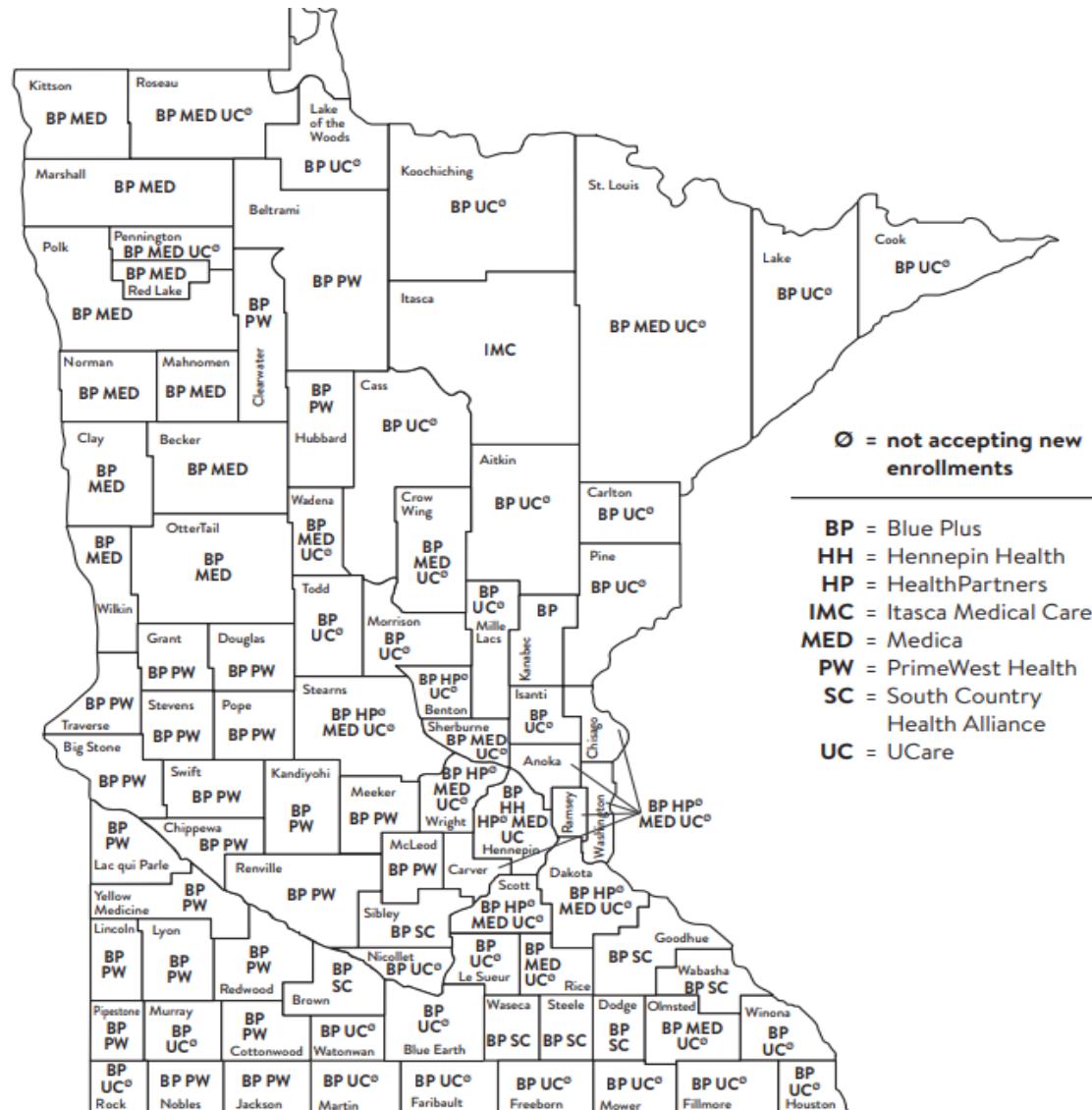
How Members Get Services



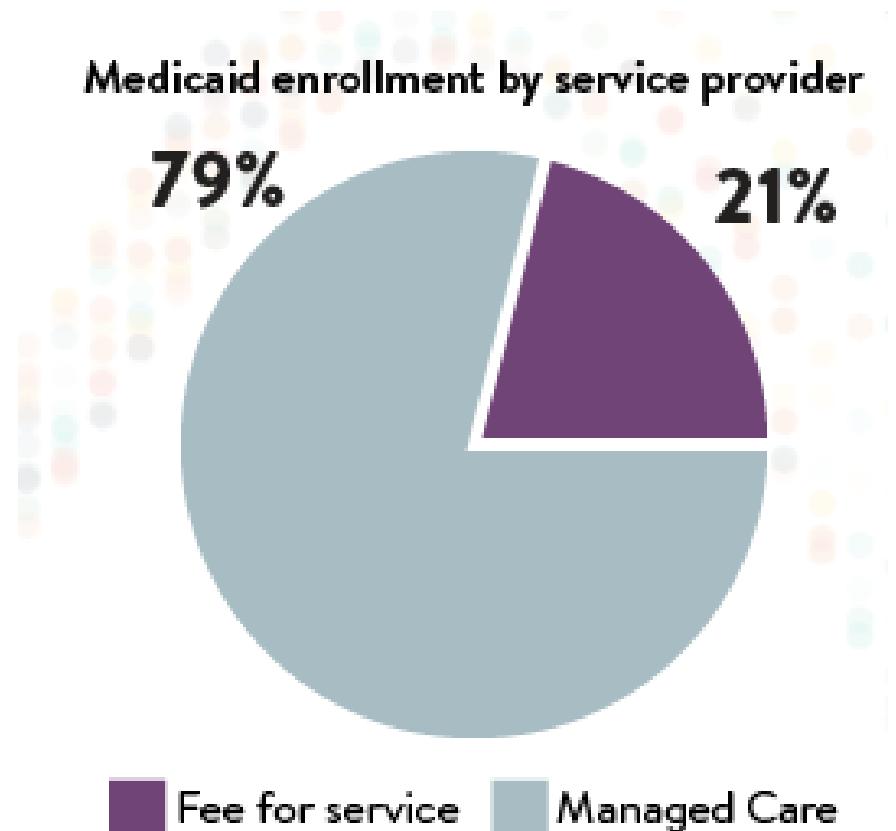
Managed Care

- 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/MSC+)
 - Special Needs Basic Care (SNBC)

How Members Get Services



How Members Get Services



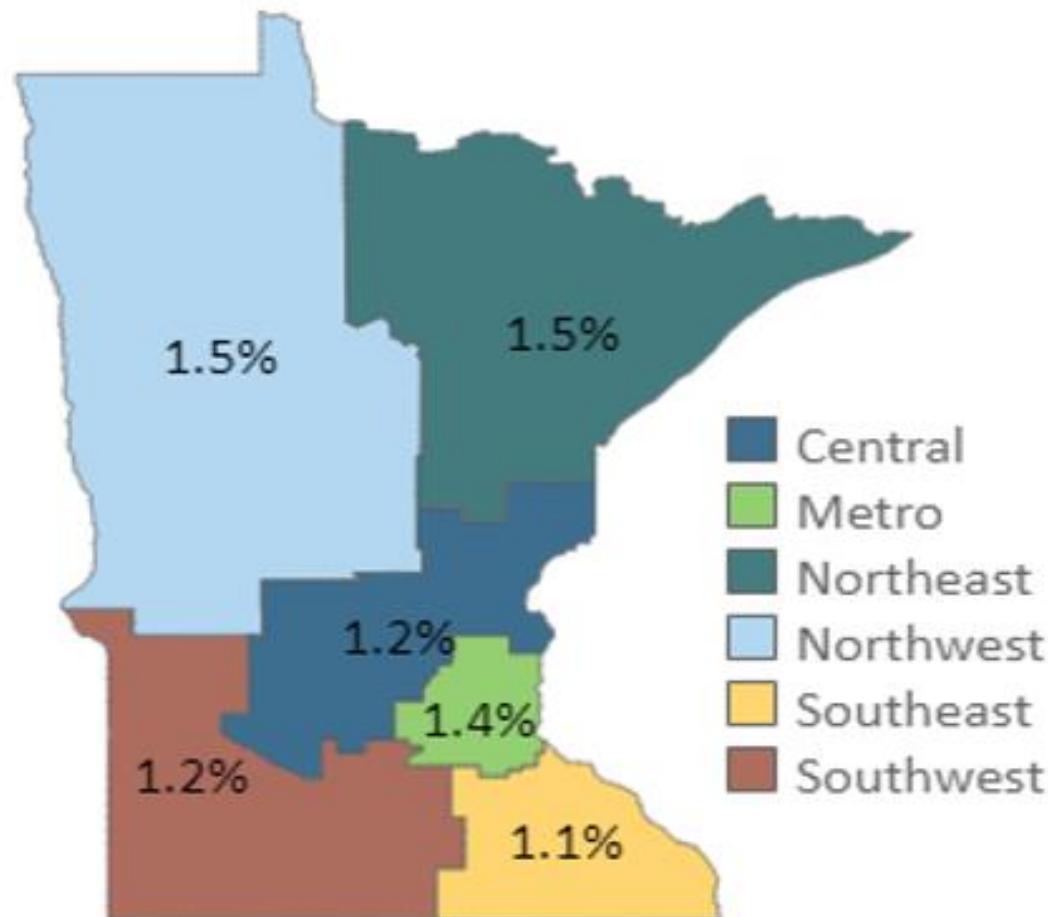
Fee-For-Service

- 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

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
agencies¹

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



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



Thank You!