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# Human Services (REVISED)

mn.gov/dhs

## AT A GLANCE

- Health care programs (Medical Assistance, MinnesotaCare) — 1,171,735 people on average enrolled per month in 2017
- Supplemental Nutrition Assistance Program (SNAP) — over 429,000 people received help each month in 2017
- Minnesota Family Investment Program and Diversionary Work Program — 33,450 families with low incomes assisted per month in 2017
- Child support — more than 346,000 custodial and noncustodial parents and their 240,000 children receive services
- Child care assistance — more than 14,550 families assisted in a month in 2017
- Adults receiving publicly funded mental health services — 72,384 people per month in 2017
- Children and youth receiving publicly funded mental health services — 36,120 per month in 2017
- DHS Direct Care and Treatment provided services to more than 12,000 individuals in fiscal year 2017
- In FY 2017 DHS all funds spending was $14.6 billion[i]

## PURPOSE

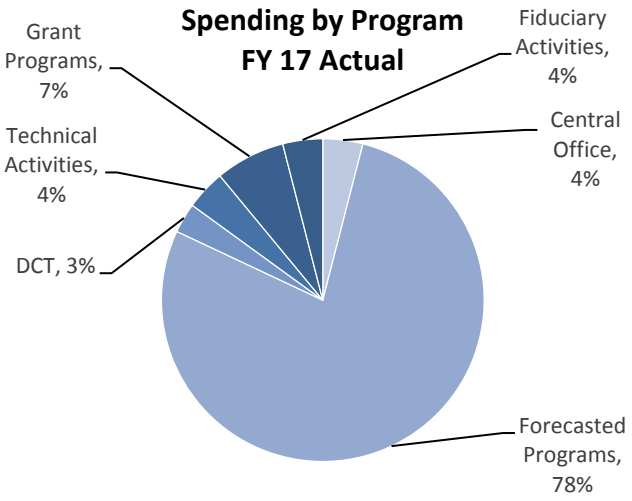
The Minnesota Department of Human Services (DHS), working in partnership with many others, helps people meet their basic needs so they can live in dignity and achieve their highest potential.

- We focus on people, not programs.
- We provide ladders up and safety nets for the people we serve.
- We work in partnership with others; we cannot do it alone.
- We are accountable for results, first to the people we serve and, ultimately, to all Minnesotans.

DHS contributes to the following statewide outcomes:

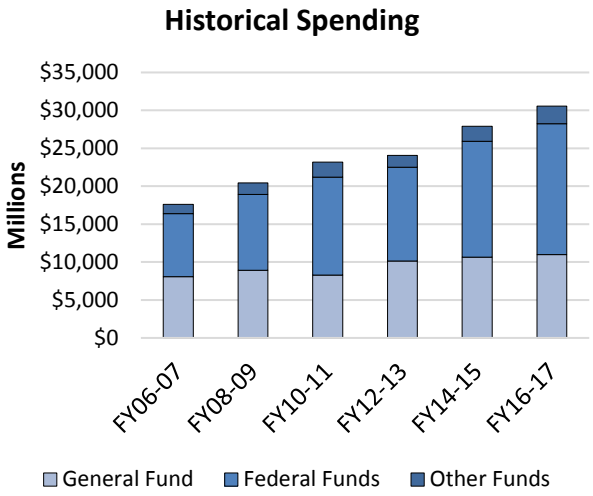
- **All Minnesotans have optimal health.**
- **Strong and stable families and communities.**
- **People in Minnesota are safe.**
- **Efficient and accountable government services.**

## BUDGET




***Represents all funds spending. Forecasted Programs includes: Medical Assistance 89%, MinnesotaCare 3%, Economic support programs 6%, and other health care programs 2%. Direct Care and Treatment (DCT) includes Minnesota Sex Offender Program and State-Operated Services***

***Source: Budget Planning & Analysis System (BPAS)***




***Source: Consolidated Fund Statement***

Minnesota has a strong tradition of providing human services for people in need so they can live as independently as possible, and of working to ensure that Minnesotans with disabilities are able to live, work and enjoy life in the most integrated setting desired. DHS provides oversight and direction for most health and human services programs, making sure providers meet service expectations. Most services are delivered directly to people by counties, tribes, health care providers or other community partners. Some DHS employees provide direct care and treatment to people with mental illness, chemical dependency and developmental disabilities as well as to individuals civilly committed for sex offender treatment. Examples of our work include:

- Health care programs which purchase medical care and related home- and community-based services for children, seniors, people with disabilities and people with low incomes.
- Economic assistance programs which provide assistance to low-income Minnesotans to help them move toward greater independence.
- Services to children who have suffered abuse or neglect, to assure their safety and well-being, and early intervention services to children at-risk of abuse or neglect.
- Grant programs to support local delivery of human services for populations in need, including recent refugee immigrant populations, adults and children with mental illness or substance abuse problems, people who are deaf or hard of hearing, seniors and vulnerable adults.
- Direct care provided through a statewide array of institutional and community-based services. Services are targeted to people experiencing mental illness, chemical dependency, developmental disabilities and/or an acquired brain injury, some of whom are civilly committed by the court because they may pose a risk to themselves or others.
- Residential services and treatment to people who are committed by the court as a sexual psychopathic personality or a sexually dangerous person.

## STRATEGIES

We have launched the DHS Strategic Plan 2018-2020, with four key initiatives and 12 goals. Work on 31 strategies under the goals will shape improved programs and services for the people DHS serves and will create a brighter future for Minnesota.

**Key Initiative: People**

Advance equity and reduce disparities by establishing an environment in human services that engages all people.

**Goals:**

1. Institutionalize an approach to decision-making, program and policy development, implementation and evaluation that improves outcomes and reduces health and human services disparities and inequities for the people we serve.
2. Identify and prioritize key barriers to advance efforts that promote equity and reduce disparities.
3. Build and strengthen the DHS workforce at all levels to better meet the needs of the people we serve.

**Key Initiative: Services**

Redesign, simplify, and integrate services to achieve positive and equitable outcomes.

**Goals:**

1. Begin Integrated Services Business Model (ISBM) implementation to create positive, consistent and equitable experiences throughout the human services system.
2. Strengthen authentic stakeholder relationships and establish new relationships to achieve equitable outcomes for the people we serve in the development of services.
3. Strengthen accountability and responsible stewardship through focusing on measurable outcomes affecting the well-being of the people we serve.

**Key Initiative: Technology**

Implement and support effective and timely technologies through strong partnerships to improve outcomes for the people we serve.

**Goals:**

1. Improve the timeliness and quality of IT delivery at DHS and for the people we serve.
2. Integrate technology to provide timely and actionable information, improve service delivery and support positive outcomes for the people we serve.
3. Pursue innovative approaches in technology development to better support service delivery.

**Key Initiative: Finance**

Prioritize financing reform and sustainability practices that ensure funds are used effectively and efficiently in order to support human services and improve outcomes for people.

**Goals:**

1. Promote economic efficiencies and financial stability by supporting a culture of innovation and continuous improvement within DHS.
2. Manage financial resources to support comprehensive and coordinated services.
3. Support partner- and community-informed financial decision-making that drives innovation in program design and delivery to improve outcomes for the people we serve.

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The Department of Human Services' overall legal authority comes from Minnesota Statutes chapters 245 (https://www.revisor.mn.gov/statutes?id=245) and 256. (https://www.revisor.mn.gov/statutes/?id=256) We list additional program-specific legal authority at the end of each budget activity narrative.

[i] Excludes Fiduciary and Technical Activities

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 5,312,093 | 5,604,719 | 6,286,751 | 6,357,825 | 7,041,929 | 7,106,026 | 7,132,170 | 7,271,587 |
| 1200 - State Government Special Rev | 4,450 | 4,393 | 3,917 | 4,680 | 4,317 | 4,317 | 5,593 | 5,584 |
| 2000 - Restrict Misc Special Revenue | 331,886 | 297,061 | 352,425 | 357,708 | 353,438 | 377,759 | 360,281 | 376,458 |
| 2001 - Other Misc Special Revenue | 301,553 | 262,541 | 425,570 | 435,888 | 308,507 | 269,992 | 308,507 | 269,992 |
| 2360 - Health Care Access | 751,175 | 312,847 | 445,196 | 515,010 | 518,288 | 522,408 | 533,833 | 559,328 |
| 2365 - Opioid Stewardship | | | | | | | 6,618 | 10,750 |
| 2403 - Gift | 20 | 25 | 19 | 100 | 75 | 75 | 75 | 75 |
| 3000 - Federal | 8,421,760 | 8,350,626 | 9,259,699 | 9,337,838 | 10,211,002 | 10,073,180 | 10,211,002 | 10,073,180 |
| 3001 - Federal TANF | 237,044 | 256,130 | 256,556 | 257,609 | 258,809 | 260,281 | 261,907 | 260,281 |
| 4100 - SOS TBI & Adol Ent Svcs | 1,621 | 1,657 | 1,544 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 |
| 4101 - DHS Chemical Dependency Servs | 18,173 | 14,293 | 15,367 | 15,482 | 15,274 | 15,274 | 15,274 | 15,274 |
| 4350 - MN State Operated Comm Svcs | 103,496 | 111,573 | 111,722 | 113,447 | 110,578 | 110,315 | 112,172 | 114,044 |
| 4503 - Minnesota State Industries | 1,170 | 1,232 | 1,562 | 1,607 | 1,607 | 1,607 | 1,607 | 1,607 |
| 4800 - Lottery | 1,514 | 1,850 | 1,787 | 1,977 | 1,896 | 1,896 | 1,896 | 1,896 |
| 6000 - Miscellaneous Agency | 34,913 | 37,300 | 33,964 | 218,229 | 215,102 | 215,102 | 215,102 | 215,102 |
| 6003 - Child Support Enforcement | 615,740 | 602,763 | 591,132 | 658,280 | 647,962 | 647,962 | 647,962 | 647,962 |
| **Total** | **16,136,606** | **15,859,010** | **17,787,211** | **18,277,175** | **19,690,279** | **19,607,689** | **19,815,494** | **19,824,615** |
| Biennial Change | | | | 4,068,770 | | 3,233,582 | | 3,575,723 |
| Biennial % Change | | | | 13 | | 9 | | 10 |
| Governor's Change from Base | | | | | | | | 342,141 |
| Governor's % Change from Base | | | | | | | | 1 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Program*** | | | | | | | | |
| Central Office Operations | 488,076 | 543,151 | 590,078 | 627,223 | 531,171 | 485,850 | 570,308 | 523,548 |
| Forecasted Programs | 12,815,453 | 12,441,432 | 14,159,434 | 14,038,746 | 15,659,760 | 15,656,729 | 15,714,140 | 15,781,512 |
| Grant Programs | 1,125,161 | 1,147,724 | 1,141,249 | 1,348,674 | 1,323,057 | 1,284,207 | 1,351,479 | 1,333,043 |
| Direct Care Treatment | 416,083 | 453,311 | 485,908 | 525,343 | 508,352 | 512,105 | 521,218 | 527,056 |
| Fiduciary Activities | 647,531 | 636,510 | 621,844 | 873,554 | 860,290 | 860,789 | 860,290 | 860,789 |
| Technical Activities | 688,927 | 677,664 | 842,130 | 917,322 | 861,528 | 861,997 | 858,844 | 859,313 |
| DHS Federal Admin Reimbursement | (44,626) | (40,783) | (53,432) | (53,687) | (53,879) | (53,988) | (60,785) | (60,646) |
| **Total** | **16,136,606** | **15,859,010** | **17,787,211** | **18,277,175** | **19,690,279** | **19,607,689** | **19,815,494** | **19,824,615** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 511,805 | 551,466 | 594,792 | 650,637 | 642,223 | 638,913 | 669,609 | 672,130 |
| Operating Expenses | 825,665 | 825,694 | 1,076,924 | 909,409 | 753,478 | 714,950 | 778,506 | 735,005 |
| Grants, Aids and Subsidies | 14,185,696 | 13,859,163 | 15,525,154 | 16,084,826 | 17,673,239 | 17,633,871 | 17,752,957 | 17,804,194 |
| Capital Outlay-Real Property | 1,412 | 7,703 | 8,783 | | | | | |
| Other Financial Transaction | 656,654 | 655,767 | 634,990 | 685,990 | 675,218 | 673,943 | 675,207 | 673,932 |
| **Total Before DHS Federal Admin Reimbursement** | **16,181,232** | **15,899,793** | **17,840,643** | **18,330,862** | **19,744,158** | **19,661,677** | **19,876,279** | **19,885,261** |
| DHS Federal Admin Reimbursement | (44,626) | (40,783) | (53,432) | (53,687) | (53,879) | (53,988) | (60,785) | (60,646) |
| **Total** | **16,136,606** | **15,859,010** | **17,787,211** | **18,277,175** | **19,690,279** | **19,607,689** | **19,815,494** | **19,824,615** |
| ***Full-Time Equivalents*** | **6,098.45** | **6,419.73** | **6,749.17** | **7,005.27** | **6,727.89** | **6,621.38** | **6,949.75** | **6,895.36** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 7,716 | 78,359 | 1,370 | 31,879 | | | | |
| Direct Appropriation | 5,616,984 | 6,063,913 | 6,822,805 | 6,582,584 | 7,320,423 | 7,377,353 | 7,400,451 | 7,543,427 |
| Receipts | 563 | 638 | 754 | 842 | 918 | 982 | 918 | 982 |
| Transfers In | 106,863 | 128,451 | 117,076 | 106,397 | 55,795 | 40,144 | 55,795 | 40,144 |
| Transfers Out | 303,221 | 360,622 | 338,971 | 328,406 | 299,550 | 276,687 | 282,547 | 270,729 |
| Cancellations | 60,862 | 274,834 | 249,186 | | | | | |
| Balance Forward Out | 23,972 | 1,370 | 31,876 | | | | | |
| **Expenditures** | **5,344,071** | **5,634,536** | **6,321,972** | **6,393,296** | **7,077,586** | **7,141,792** | **7,174,617** | **7,313,824** |
| DHS Federal Admin Reimbursement | (31,978) | (29,817) | (35,221) | (35,471) | (35,657) | (35,766) | (42,447) | (42,237) |
| **Expenditures after Federal Admin Reimbursement** | **5,312,093** | **5,604,719** | **6,286,751** | **6,357,825** | **7,041,929** | **7,106,026** | **7,132,170** | **7,271,587** |
| Biennial Change in Expenditures | | | | 1,727,764 | | 1,503,379 | | 1,759,181 |
| Biennial % Change in Expenditures | | | | 16 | | 12 | | 14 |
| Governor's Change from Base | | | | | | | | 255,802 |
| Governor's % Change from Base | | | | | | | | 2 |
| Full-Time Equivalents | 3,389.62 | 3,615.29 | 3,915.24 | 4,255.40 | 4,064.37 | 3,978.54 | 4,290.17 | 4,227.89 |
| **1200 - State Government Special Rev** | | | | | | | | |
| Balance Forward In | | 78 | | 375 | | | | |
| Direct Appropriation | 4,514 | 4,274 | 4,274 | 4,287 | 4,299 | 4,299 | 5,575 | 5,566 |
| Open Appropriation | | 59 | 18 | 18 | 18 | 18 | 18 | 18 |
| Transfers In | | | | 13 | 25 | 25 | 25 | 25 |
| Transfers Out | | | | 13 | 25 | 25 | 25 | 25 |
| Cancellations | | 17 | | | | | | |
| Balance Forward Out | 64 | | 375 | | | | | |
| **Expenditures** | **4,450** | **4,393** | **3,917** | **4,680** | **4,317** | **4,317** | **5,593** | **5,584** |
| Biennial Change in Expenditures | | | | (246) | | 37 | | 2,580 |
| Biennial % Change in Expenditures | | | | (3) | | 0 | | 30 |
| Governor's Change from Base | | | | | | | | 2,543 |
| Governor's % Change from Base | | | | | | | | 29 |
| Full-Time Equivalents | 36.31 | 42.02 | 37.31 | 37.31 | 35.85 | 35.08 | 46.60 | 45.83 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |

*(Dollars in Thousands)*

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|---|---|---|---|---|---|---|---|---|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| Balance Forward In | 42,159 | 51,729 | 51,676 | 52,695 | 43,505 | 43,528 | 43,505 | 15,944 |
| Direct Appropriation | 2,963 | 2,713 | 2,913 | 2,813 | 2,813 | 2,813 | 0 | 0 |
| Receipts | 243,169 | 173,715 | 229,547 | 223,416 | 199,193 | 235,579 | 200,012 | 236,359 |
| Transfers In | 102,112 | 125,481 | 127,951 | 132,533 | 162,364 | 156,725 | 162,895 | 142,311 |
| Transfers Out | 7,244 | 9,697 | 7,254 | 10,244 | 10,909 | 10,704 | 30,187 | 6,127 |
| Cancellations | | 205 | | | | | | |
| Balance Forward Out | 51,273 | 46,674 | 52,407 | 43,505 | 43,528 | 50,182 | 15,944 | 12,029 |
| **Expenditures** | **331,886** | **297,061** | **352,425** | **357,708** | **353,438** | **377,759** | **360,281** | **376,458** |
| Biennial Change in Expenditures | | | | 81,186 | | 21,064 | | 26,606 |
| Biennial % Change in Expenditures | | | | 13 | | 3 | | 4 |
| Governor's Change from Base | | | | | | | | 5,542 |
| Governor's % Change from Base | | | | | | | | 1 |
| Full-Time Equivalents | 164.02 | 166.22 | 194.48 | 200.35 | 183.29 | 182.43 | 140.30 | 139.81 |

## 2001 - Other Misc Special Revenue

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 18,969 | 41,043 | 136,110 | 131,939 | 66,813 | 57,051 | 66,813 | 57,051 |
| Receipts | 206,870 | 205,935 | 244,323 | 264,469 | 199,539 | 165,724 | 199,539 | 165,724 |
| Transfers In | 293,270 | 341,135 | 278,616 | 291,080 | 255,740 | 243,568 | 255,740 | 243,568 |
| Transfers Out | 201,920 | 230,534 | 176,631 | 184,787 | 156,534 | 144,376 | 156,534 | 144,376 |
| Balance Forward Out | 15,636 | 95,039 | 56,849 | 66,813 | 57,051 | 51,975 | 57,051 | 51,975 |
| **Expenditures** | **301,553** | **262,541** | **425,570** | **435,888** | **308,507** | **269,992** | **308,507** | **269,992** |
| Biennial Change in Expenditures | | | | 297,364 | | (282,959) | | (282,959) |
| Biennial % Change in Expenditures | | | | 53 | | (33) | | (33) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 413.09 | 440.65 | 468.69 | 468.69 | 457.84 | 452.69 | 457.84 | 452.69 |

## 2360 - Health Care Access

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 68 | 19,087 | 12 | 564 | 200 | 200 | 200 | 200 |
| Direct Appropriation | 769,377 | 302,372 | 446,453 | 509,777 | 513,192 | 516,231 | 528,853 | 553,338 |
| Open Appropriation | | 413 | 158 | 158 | 158 | 158 | 158 | 158 |
| Receipts | 29,994 | 36,055 | 36,577 | 36,807 | 37,058 | 38,139 | 37,058 | 38,139 |
| Transfers In | 181,168 | 37,683 | 14,177 | 1,101 | | | | |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Transfers Out | 195,387 | 51,378 | 27,443 | 14,981 | 13,898 | 13,898 | 13,898 | 13,898 |
| Cancellations | 21,073 | 20,418 | 5,964 | | | | | |
| Balance Forward Out | 323 | 2 | 564 | 200 | 200 | 200 | 200 | 200 |
| **Expenditures** | **763,823** | **323,812** | **463,407** | **533,226** | **536,510** | **540,630** | **552,171** | **577,737** |
| DHS Federal Admin Reimbursement | (12,648) | (10,966) | (18,211) | (18,216) | (18,222) | (18,222) | (18,338) | (18,409) |
| **Expenditures after Federal Admin Reimbursement** | **751,175** | **312,847** | **445,196** | **515,010** | **518,288** | **522,408** | **533,833** | **559,328** |
| Biennial Change in Expenditures | | | | (103,815) | | 80,490 | | 132,955 |
| Biennial % Change in Expenditures | | | | (10) | | 8 | | 14 |
| Governor's Change from Base | | | | | | | | 52,465 |
| Governor's % Change from Base | | | | | | | | 5 |
| Full-Time Equivalents | 332.26 | 358.22 | 348.90 | 348.90 | 339.73 | 334.90 | 345.73 | 341.90 |

## 2365 - Opioid Stewardship

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Direct Appropriation | | | | | | | 6,618 | 10,750 |
| **Expenditures** | | | | | | | **6,618** | **10,750** |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 17,368 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 17,368 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | | | | | | 2.00 | 3.00 |

## 2400 - Endowment

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 60 | 61 | 61 | 62 | 63 | 63 | 63 | 63 |
| Receipts | 0 | 1 | 1 | 1 | | | | |
| Balance Forward Out | 61 | 61 | 62 | 63 | 63 | 63 | 63 | 63 |

## 2403 - Gift

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 101 | 96 | 83 | 71 | 37 | 28 | 37 | 28 |
| Receipts | 15 | 11 | 10 | 66 | 66 | 66 | 66 | 66 |
| Balance Forward Out | 96 | 83 | 73 | 37 | 28 | 19 | 28 | 19 |
| **Expenditures** | **20** | **25** | **19** | **100** | **75** | **75** | **75** | **75** |
| Biennial Change in Expenditures | | | | 74 | | 31 | | 31 |
| Biennial % Change in Expenditures | | | | 164 | | 26 | | 26 |
| Governor's Change from Base | | | | | | | | 0 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 72,321 | 20,084 | 169,679 | 264,661 | 237,120 | 47,456 | 237,120 | 47,456 |
| Receipts | 8,367,707 | 8,478,245 | 9,359,557 | 9,310,297 | 10,021,338 | 10,049,358 | 10,021,338 | 10,049,358 |
| Transfers In | 103 | | 200 | | | | | |
| Transfers Out | 103 | 0 | 200 | | | | | |
| Balance Forward Out | 18,270 | 147,705 | 269,538 | 237,120 | 47,456 | 23,634 | 47,456 | 23,634 |
| **Expenditures** | **8,421,760** | **8,350,626** | **9,259,699** | **9,337,838** | **10,211,002** | **10,073,180** | **10,211,002** | **10,073,180** |
| Biennial Change in Expenditures | | | | 1,825,151 | | 1,686,645 | | 1,686,645 |
| Biennial % Change in Expenditures | | | | 11 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 196.97 | 198.41 | 187.40 | 183.40 | 180.83 | 180.83 | 180.83 | 180.83 |
| **3001 - Federal TANF** | | | | | | | | |
| Balance Forward In | 44,875 | 63,858 | 60,030 | 56,014 | 48,518 | 39,823 | 48,518 | 39,823 |
| Receipts | 256,027 | 252,302 | 252,540 | 250,113 | 250,114 | 250,113 | 253,212 | 250,113 |
| Balance Forward Out | 63,858 | 60,030 | 56,014 | 48,518 | 39,823 | 29,655 | 39,823 | 29,655 |
| **Expenditures** | **237,044** | **256,130** | **256,556** | **257,609** | **258,809** | **260,281** | **261,907** | **260,281** |
| Biennial Change in Expenditures | | | | 20,991 | | 4,925 | | 8,023 |
| Biennial % Change in Expenditures | | | | 4 | | 1 | | 2 |
| Governor's Change from Base | | | | | | | | 3,098 |
| Governor's % Change from Base | | | | | | | | 1 |
| Full-Time Equivalents | 12.03 | 11.83 | 11.89 | 11.89 | 11.89 | 11.89 | 11.89 | 11.89 |
| **4100 - SOS TBI & Adol Ent Svcs** | | | | | | | | |
| Balance Forward In | 532 | 356 | 369 | 332 | 465 | 598 | 465 | 598 |
| Receipts | 1,431 | 1,669 | 1,506 | 1,628 | 1,628 | 1,628 | 1,628 | 1,628 |
| Balance Forward Out | 342 | 368 | 331 | 465 | 598 | 731 | 598 | 731 |
| **Expenditures** | **1,621** | **1,657** | **1,544** | **1,495** | **1,495** | **1,495** | **1,495** | **1,495** |
| Biennial Change in Expenditures | | | | (239) | | (49) | | (49) |
| Biennial % Change in Expenditures | | | | (7) | | (2) | | (2) |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 23.96 | 24.70 | 23.93 | 21.68 | 20.73 | 20.35 | 20.73 | 20.35 |

## 4101 - DHS Chemical Dependency Servs

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 41 | 227 | 465 | 1,043 | | | | |
| Receipts | 8,544 | 8,390 | 9,507 | 8,001 | 8,836 | 8,836 | 8,836 | 8,836 |
| Transfers In | 9,626 | 6,113 | 6,438 | 6,438 | 6,438 | 6,438 | 6,438 | 6,438 |
| Balance Forward Out | 38 | 437 | 1,043 | | | | | |
| **Expenditures** | **18,173** | **14,293** | **15,367** | **15,482** | **15,274** | **15,274** | **15,274** | **15,274** |
| Biennial Change in Expenditures | | | | (1,616) | | (301) | | (301) |
| Biennial % Change in Expenditures | | | | (5) | | (1) | | (1) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 158.10 | 130.07 | 121.08 | 138.55 | 129.62 | 127.27 | 129.62 | 127.27 |

## 4350 - MN State Operated Comm Svcs

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 173 | 3,124 | 1,208 | 2,640 | | | | |
| Receipts | 93,061 | 95,747 | 104,064 | 106,826 | 106,597 | 107,922 | 106,597 | 107,922 |
| Transfers In | 14,000 | 14,000 | 9,090 | 3,981 | 3,981 | 2,393 | 5,575 | 6,122 |
| Transfers Out | 830 | 181 | | | | | | |
| Balance Forward Out | 2,909 | 1,116 | 2,640 | | | | | |
| **Expenditures** | **103,496** | **111,573** | **111,722** | **113,447** | **110,578** | **110,315** | **112,172** | **114,044** |
| Biennial Change in Expenditures | | | | 10,101 | | (4,276) | | 1,047 |
| Biennial % Change in Expenditures | | | | 5 | | (2) | | 0 |
| Governor's Change from Base | | | | | | | | 5,323 |
| Governor's % Change from Base | | | | | | | | 2 |
| Full-Time Equivalents | 1,369.00 | 1,430.30 | 1,439.25 | 1,338.10 | 1,302.79 | 1,296.48 | 1,323.09 | 1,342.98 |

## 4503 - Minnesota State Industries

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 971 | 1,222 | 1,507 | 1,864 | 1,864 | 1,864 | 1,864 | 1,864 |
| Receipts | 1,164 | 1,363 | 1,920 | 1,607 | 1,607 | 1,607 | 1,607 | 1,607 |
| Balance Forward Out | 965 | 1,352 | 1,864 | 1,864 | 1,864 | 1,864 | 1,864 | 1,864 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **Expenditures** | **1,170** | **1,232** | **1,562** | **1,607** | **1,607** | **1,607** | **1,607** | **1,607** |
| Biennial Change in Expenditures | | | | 768 | | 45 | | 45 |
| Biennial % Change in Expenditures | | | | 32 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.76 | 0.62 | | | | | | |

## 4800 - Lottery

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | | 46 | | 81 | | | | |
| Direct Appropriation | 1,893 | 1,896 | 1,896 | 1,896 | 1,896 | 1,896 | 1,896 | 1,896 |
| Open Appropriation | | 2 | 1 | | | | | |
| Cancellations | 333 | 93 | 28 | | | | | |
| Balance Forward Out | 46 | | 81 | | | | | |
| **Expenditures** | **1,514** | **1,850** | **1,787** | **1,977** | **1,896** | **1,896** | **1,896** | **1,896** |
| Biennial Change in Expenditures | | | | 400 | | 28 | | 28 |
| Biennial % Change in Expenditures | | | | 12 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.33 | 1.40 | 1.00 | 1.00 | 0.95 | 0.92 | 0.95 | 0.92 |

## 6000 - Miscellaneous Agency

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 5,586 | 5,436 | 3,289 | 3,827 | 650 | 625 | 650 | 625 |
| Receipts | 33,721 | 34,963 | 34,503 | 215,052 | 215,077 | 215,102 | 215,077 | 215,102 |
| Transfers In | | | 107 | | | | | |
| Transfers Out | | | 107 | | | | | |
| Balance Forward Out | 4,394 | 3,098 | 3,828 | 650 | 625 | 625 | 625 | 625 |
| **Expenditures** | **34,913** | **37,300** | **33,964** | **218,229** | **215,102** | **215,102** | **215,102** | **215,102** |
| Biennial Change in Expenditures | | | | 179,980 | | 178,011 | | 178,011 |
| Biennial % Change in Expenditures | | | | 249 | | 71 | | 71 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 6003 - Child Support Enforcement

# Agency Financing by Fund

*(Dollars in Thousands)*

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|---|---|---|---|---|---|---|---|---|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| Balance Forward In | 9,904 | 9,380 | 10,624 | 10,318 | | | | |
| Receipts | 615,216 | 604,026 | 590,826 | 647,962 | 647,962 | 647,962 | 647,962 | 647,962 |
| Balance Forward Out | 9,380 | 10,643 | 10,318 | | | | | |
| **Expenditures** | **615,740** | **602,763** | **591,132** | **658,280** | **647,962** | **647,962** | **647,962** | **647,962** |
| Biennial Change in Expenditures | | | | 30,909 | | 46,512 | | 46,512 |
| Biennial % Change in Expenditures | | | | 3 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| ***Direct*** | | | | |
| **Fund: 1000 - General** | | | | |
| **FY2019 Appropriations** | **6,900,024** | **6,900,024** | **6,900,024** | **13,800,048** |
| **Base Adjustments** | | | | |
| Current Law Base Change | (103,535) | 692,082 | 751,863 | 1,443,945 |
| Pension Allocation | | 1,860 | 2,995 | 4,855 |
| Approved Transfer Between Appropriation | | 0 | 0 | 0 |
| November Forecast Adjustment | (182,733) | (236,454) | (284,675) | (521,129) |
| February Forecast Adjustment | (31,270) | (37,089) | 7,146 | (29,943) |
| **Forecast Base** | **6,582,486** | **7,320,423** | **7,377,353** | **14,697,776** |
| **Change Items** | | | | |
| ONECare Minnesota | | 77 | 916 | 993 |
| Child Care Assistance Program Federal Compliance - Program Improvements | | 934 | 7,406 | 8,340 |
| Child Care Assistance Program Maximum Rates-Update Maximum Rates | | 2,772 | 8,064 | 10,836 |
| Child Care Assistance Program Basic Sliding Fee Waiting List | | 7,821 | 17,901 | 25,722 |
| Child Care Assistance Program Integrity | | (747) | (1,353) | (2,100) |
| Economic Stability for Families | | 9,959 | 31,749 | 41,708 |
| Child Welfare Training Academy | | 1,771 | 2,517 | 4,288 |
| Tribal Child Welfare Initiative Expansion | | 5,658 | 9,907 | 15,565 |
| Family First Prevention Services Act | | 1,391 | 1,101 | 2,492 |
| Closing Gaps in Health Care Coverage for Children in Foster Care | | | 363 | 363 |
| Expand and Strengthen School-Linked Mental Health | | 4,650 | 4,915 | 9,565 |
| Children's Intensive Services Reform | | 2,754 | 5,307 | 8,061 |
| Certified Community Behavioral Health Clinics Expansion | | 639 | 4,471 | 5,110 |
| Substance Use Disorder Waiver | | 755 | (16,286) | (15,531) |
| Increasing Timely Access to Substance Use Disorder Treatment | | 8 | 8 | 16 |
| Mental Health Uniform Service Standards | | 912 | 635 | 1,547 |
| Building an Integrated Behavioral Health Care Continuum | | (15,307) | 2,624 | (12,683) |
| Expand Transitions to Community Initiative | | 759 | 1,620 | 2,379 |
| Community Competency Restoration Task Force | | 125 | 75 | 200 |
| Increase Office of Ombudsman for Long-Term Care Staffing | | 1,312 | 1,501 | 2,813 |
| Civil and Criminal Coordination for the Protection of Vulnerable Adults | | 2,456 | 2,135 | 4,591 |
| Assisted Living Report Card | | 2,932 | 452 | 3,384 |
| Adult Day Care Oversight Improvements | | 198 | 199 | 397 |
| Simplify & Streamline the Home & Community-Based Waiver Menu | | 3,217 | 951 | 4,168 |
| DWRS Competitive Workforce Factor | | 1,843 | 39,050 | 40,893 |
| Nursing Facility Value-Based Reimbursement and Property Payment Reform | | (1,625) | (9,807) | (11,432) |
| Self Directed Worker Union Contract | | 16,845 | 19,696 | 36,541 |
| Minnesota Sex Offender Program Funding | | 9,758 | 9,758 | 19,516 |
| Minnesota State Operated Services (MSOCS) Operating Adjustment | | 1,594 | 3,729 | 5,323 |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs | | 4,352 | 4,352 | 8,704 |
| Service Delivery Transformation | | 10,000 | 10,000 | 20,000 |
| Enhanced Program Integrity for Nonemergency Medical Transportation | | 209 | (577) | (368) |
| SIRS and CCAP Investigation Expansion | | 773 | 588 | 1,361 |
| Fraud Prevention Investigations Expansion | | 18 | (134) | (116) |
| Electronic Visit Verification | | 283 | 852 | 1,135 |
| Child Care Assistance Program - Provider Registration and Oversight | | 105 | 120 | 225 |
| Strengthening Oversight of the Child Care Assistance Program | | 1,340 | 1,411 | 2,751 |
| Federal Compliance with Outpatient Pharmacy Rule | 98 | 1,570 | 1,505 | 3,075 |
| Updating Durable Medical Equipment Payment Methodology | | (4,742) | (2,910) | (7,652) |
| Medical Assistance for Employed Persons with Disabilities Federal Conformity | | 33 | 7 | 40 |
| Background Study Federal Compliance | | 177 | 237 | 414 |
| Create Separate Skilled Nursing Visit Code | | (29) | (276) | (305) |
| Greater Minnesota Sign Language Interpreting Service Capacity | | 211 | 211 | 422 |
| Updating Indian Health Services Provider Payments | | 9 | 2 | 11 |
| Improving Medical Assistance Benefit Recovery | | 210 | 150 | 360 |
| Rebasing Inpatient Hospital Payment Rates | | 22 | 4 | 26 |
| Child Care Federal Compliance and Fees for Certified License-Exempt Centers | | (72) | (73) | (145) |
| Prohibition on Imputation of Income to Incarcerated Child Support Payers | | 5 | 1 | 6 |
| Homelessness Management Information System Support | | 1,000 | 1,000 | 2,000 |
| Vulnerable Adult Protection - Current Program Improvements (MDH) | | 1,093 | | 1,093 |
| **Total Governor's Recommendations** | **6,582,584** | **7,400,451** | **7,543,427** | **14,943,878** |
| | | | | |
| **Fund: 1200 - State Government Special Rev** | | | | |
| **FY2019 Appropriations** | **4,287** | **4,287** | **4,287** | **8,574** |
| **Base Adjustments** | | | | |
| Pension Allocation | | 12 | 12 | 24 |
| **Forecast Base** | **4,287** | **4,299** | **4,299** | **8,598** |
| **Change Items** | | | | |
| Licensed Home and Community Based Services (245D) unit funding | | 1,192 | 1,192 | 2,384 |
| Child Care Federal Compliance and Fees for Certified License-Exempt Centers | | 84 | 75 | 159 |
| **Total Governor's Recommendations** | **4,287** | **5,575** | **5,566** | **11,141** |
| | | | | |
| **Fund: 2000 - Restrict Misc Special Revenue** | | | | |
| **FY2019 Appropriations** | **2,813** | **2,813** | **2,813** | **5,626** |
| **Forecast Base** | **2,813** | **2,813** | **2,813** | **5,626** |
| **Change Items** | | | | |
| Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs | | (2,813) | (2,813) | (5,626) |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| **Total Governor's Recommendations** | **2,813** | **0** | **0** | **0** |
| | | | | |
| **Fund: 2360 - Health Care Access** | | | | |
| **FY2019 Appropriations** | **501,203** | **501,203** | **501,203** | **1,002,406** |
| **Base Adjustments** | | | | |
| Current Law Base Change | 9,258 | (68,557) | (25,393) | (93,950) |
| Pension Allocation | | 100 | 100 | 200 |
| Approved Transfer Between Appropriation | | 0 | 0 | 0 |
| November Forecast Adjustment | 184 | 82,111 | 41,701 | 123,812 |
| February Forecast Adjustment | (1,032) | (1,665) | (1,380) | (3,045) |
| **Forecast Base** | **509,613** | **513,192** | **516,231** | **1,029,423** |
| **Change Items** | | | | |
| ONECare Minnesota | | 2,054 | 6,007 | 8,061 |
| Rate Increase for the Provider Tax | | 11,564 | 27,551 | 39,115 |
| Fraud Prevention Investigations Expansion | | (7) | (9) | (16) |
| Federal Compliance with Outpatient Pharmacy Rule | 164 | 2,050 | 2,165 | 4,215 |
| Investing and Modernizing Payment for Safety Net Providers | | | 1,393 | 1,393 |
| **Total Governor's Recommendations** | **509,777** | **528,853** | **553,338** | **1,082,191** |
| | | | | |
| **Fund: 2365 - Opioid Stewardship** | | | | |
| **Change Items** | | | | |
| Traditional Healing | | 2,493 | 2,500 | 4,993 |
| Strategic Response to the Opioid Crisis | | 4,125 | 8,250 | 12,375 |
| **Total Governor's Recommendations** | | **6,618** | **10,750** | **17,368** |
| | | | | |
| **Fund: 4800 - Lottery** | | | | |
| **FY2019 Appropriations** | **1,896** | **1,896** | **1,896** | **3,792** |
| **Forecast Base** | **1,896** | **1,896** | **1,896** | **3,792** |
| **Total Governor's Recommendations** | **1,896** | **1,896** | **1,896** | **3,792** |
| | | | | |
| ***Open*** | | | | |
| **Fund: 1200 - State Government Special Rev** | | | | |
| **Base Adjustments** | | | | |
| Forecast Open Appropriation Adjustment | 18 | 18 | 18 | 36 |
| **Forecast Base** | **18** | **18** | **18** | **36** |
| **Total Governor's Recommendations** | **18** | **18** | **18** | **36** |
| | | | | |
| **Fund: 2360 - Health Care Access** | | | | |
| **Base Adjustments** | | | | |
| Forecast Open Appropriation Adjustment | 158 | 158 | 158 | 316 |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| **Forecast Base** | **158** | **158** | **158** | **316** |
| **Total Governor's Recommendations** | **158** | **158** | **158** | **316** |
| ***Dedicated*** | | | | |
| **Fund: 1000 - General** | | | | |
| **Planned Spending** | **1,580** | **918** | **982** | **1,900** |
| **Forecast Base** | **1,580** | **918** | **982** | **1,900** |
| **Total Governor's Recommendations** | **1,580** | **918** | **982** | **1,900** |
| **Fund: 2000 - Restrict Misc Special Revenue** | | | | |
| **Planned Spending** | **354,766** | **350,475** | **374,796** | **725,271** |
| **Forecast Base** | **354,766** | **350,475** | **374,796** | **725,271** |
| **Change Items** | | | | |
| Family First Prevention Services Act | | 605 | 605 | 1,210 |
| Substance Use Disorder Waiver | | | (10,307) | (10,307) |
| Building an Integrated Behavioral Health Care Continuum | | 8,987 | 11,189 | 20,176 |
| Early Intensive Developmental and Behavioral Intervention (EIDBI) Criminal Background Studies | | 20 | 20 | 40 |
| Clarify and Strengthen Provider Screening and Enrollment | | 143 | 147 | 290 |
| Head Start Background Checks (MDE) | | 51 | 8 | 59 |
| **Total Governor's Recommendations** | **354,766** | **360,281** | **376,458** | **736,739** |
| **Fund: 2001 - Other Misc Special Revenue** | | | | |
| **Planned Spending** | **435,888** | **308,507** | **269,992** | **578,499** |
| **Forecast Base** | **435,888** | **308,507** | **269,992** | **578,499** |
| **Total Governor's Recommendations** | **435,888** | **308,507** | **269,992** | **578,499** |
| **Fund: 2360 - Health Care Access** | | | | |
| **Planned Spending** | **36,807** | **37,058** | **38,139** | **75,197** |
| **Forecast Base** | **36,807** | **37,058** | **38,139** | **75,197** |
| **Total Governor's Recommendations** | **36,807** | **37,058** | **38,139** | **75,197** |
| **Fund: 2403 - Gift** | | | | |
| **Planned Spending** | **100** | **75** | **75** | **150** |
| **Forecast Base** | **100** | **75** | **75** | **150** |
| **Total Governor's Recommendations** | **100** | **75** | **75** | **150** |
| **Fund: 3000 - Federal** | | | | |
| **Planned Spending** | **9,337,838** | **10,211,002** | **10,073,180** | **20,284,182** |
| **Forecast Base** | **9,337,838** | **10,211,002** | **10,073,180** | **20,284,182** |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| **Total Governor's Recommendations** | **9,337,838** | **10,211,002** | **10,073,180** | **20,284,182** |
| | | | | |
| **Fund: 3001 - Federal TANF** | | | | |
| **Planned Spending** | **257,609** | **258,809** | **260,281** | **519,090** |
| **Forecast Base** | **257,609** | **258,809** | **260,281** | **519,090** |
| **Change Items** | | | | |
| Economic Stability for Families | | 3,098 | | 3,098 |
| **Total Governor's Recommendations** | **257,609** | **261,907** | **260,281** | **522,188** |
| | | | | |
| **Fund: 4100 - SOS TBI & Adol Ent Svcs** | | | | |
| **Planned Spending** | **1,495** | **1,495** | **1,495** | **2,990** |
| **Forecast Base** | **1,495** | **1,495** | **1,495** | **2,990** |
| **Total Governor's Recommendations** | **1,495** | **1,495** | **1,495** | **2,990** |
| | | | | |
| **Fund: 4101 - DHS Chemical Dependency Servs** | | | | |
| **Planned Spending** | **15,482** | **15,274** | **15,274** | **30,548** |
| **Forecast Base** | **15,482** | **15,274** | **15,274** | **30,548** |
| **Total Governor's Recommendations** | **15,482** | **15,274** | **15,274** | **30,548** |
| | | | | |
| **Fund: 4350 - MN State Operated Comm Svcs** | | | | |
| **Planned Spending** | **113,447** | **110,578** | **110,315** | **220,893** |
| **Forecast Base** | **113,447** | **110,578** | **110,315** | **220,893** |
| **Change Items** | | | | |
| Minnesota State Operated Services (MSOCS) Operating Adjustment | | 1,594 | 3,729 | 5,323 |
| **Total Governor's Recommendations** | **113,447** | **112,172** | **114,044** | **226,216** |
| | | | | |
| **Fund: 4503 - Minnesota State Industries** | | | | |
| **Planned Spending** | **1,607** | **1,607** | **1,607** | **3,214** |
| **Forecast Base** | **1,607** | **1,607** | **1,607** | **3,214** |
| **Total Governor's Recommendations** | **1,607** | **1,607** | **1,607** | **3,214** |
| | | | | |
| **Fund: 6000 - Miscellaneous Agency** | | | | |
| **Planned Spending** | **218,229** | **215,102** | **215,102** | **430,204** |
| **Forecast Base** | **218,229** | **215,102** | **215,102** | **430,204** |
| **Total Governor's Recommendations** | **218,229** | **215,102** | **215,102** | **430,204** |
| | | | | |
| **Fund: 6003 - Child Support Enforcement** | | | | |
| **Planned Spending** | **658,280** | **647,962** | **647,962** | **1,295,924** |
| **Forecast Base** | **658,280** | **647,962** | **647,962** | **1,295,924** |
| **Total Governor's Recommendations** | **658,280** | **647,962** | **647,962** | **1,295,924** |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| ***DHS Federal Admin Reimbursement*** | | | | |
| **Fund: 1000 - General** | | | | |
| **Forecast Federal Administrative Reimbursement** | **(35,443)** | **(35,657)** | **(35,766)** | **(71,423)** |
| **Change Items** | | | | |
| ONECare Minnesota | | (25) | (58) | (83) |
| Child Care Assistance Program Federal Compliance - Program Improvements | | (69) | (80) | (149) |
| Child Welfare Training Academy | | (128) | | (128) |
| Tribal Child Welfare Initiative Expansion | | (100) | (111) | (211) |
| Family First Prevention Services Act | | (263) | (317) | (580) |
| Expand and Strengthen School-Linked Mental Health | | (48) | (133) | (181) |
| Children's Intensive Services Reform | | 112 | 112 | 224 |
| Certified Community Behavioral Health Clinics Expansion | | (166) | (245) | (411) |
| Substance Use Disorder Waiver | | (233) | (327) | (560) |
| Mental Health Uniform Service Standards | | (176) | (180) | (356) |
| Building an Integrated Behavioral Health Care Continuum | | (1,372) | (1,372) | (2,744) |
| Increase Office of Ombudsman for Long-Term Care Staffing | | (420) | (480) | (900) |
| Assisted Living Report Card | | (1,225) | (431) | (1,656) |
| Adult Day Care Oversight Improvements | | (64) | (64) | (128) |
| Simplify & Streamline the Home & Community-Based Waiver Menu | | (1,037) | (1,042) | (2,079) |
| DWRS Competitive Workforce Factor | | (40) | (40) | (80) |
| Nursing Facility Value-Based Reimbursement and Property Payment Reform | | (183) | (168) | (351) |
| Self Directed Worker Union Contract | | (40) | (24) | (64) |
| Enhanced Program Integrity for Nonemergency Medical Transportation | | (178) | (358) | (536) |
| SIRS and CCAP Investigation Expansion | | (247) | (188) | (435) |
| Fraud Prevention Investigations Expansion | | (33) | (39) | (72) |
| Electronic Visit Verification | | (91) | (136) | (227) |
| Child Care Assistance Program - Provider Registration and Oversight | | (34) | (38) | (72) |
| Strengthening Oversight of the Child Care Assistance Program | | (317) | (340) | (657) |
| Federal Compliance with Outpatient Pharmacy Rule | (28) | (36) | (16) | (52) |
| Background Study Federal Compliance | | (57) | (76) | (133) |
| Homelessness Management Information System Support | | (320) | (320) | (640) |
| **Total Governor's Recommendations** | **(35,471)** | **(42,447)** | **(42,237)** | **(84,684)** |
| **Fund: 2360 - Health Care Access** | | | | |
| **Forecast Federal Administrative Reimbursement** | **(18,216)** | **(18,222)** | **(18,222)** | **(36,444)** |
| **Change Items** | | | | |
| ONECare Minnesota | | (116) | (157) | (273) |
| Investing and Modernizing Payment for Safety Net Providers | | | (30) | (30) |
| **Total Governor's Recommendations** | **(18,216)** | **(18,338)** | **(18,409)** | **(36,747)** |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| ***Revenue Change Summary*** | | | | |
| ***Dedicated*** | | | | |
| **Fund: 1000 - General** | | | | |
| **Forecast Revenues** | **842** | **918** | **982** | **1,900** |
| **Total Governor's Recommendations** | **842** | **918** | **982** | **1,900** |
| **Fund: 2000 - Restrict Misc Special Revenue** | | | | |
| **Forecast Revenues** | **223,416** | **199,193** | **235,579** | **434,772** |
| **Change Items** | | | | |
| Family First Prevention Services Act | | 605 | 605 | 1,210 |
| Building an Integrated Behavioral Health Care Continuum | | 0 | 0 | 0 |
| Early Intensive Developmental and Behavioral Intervention (EIDBI) Criminal Background Studies | | 20 | 20 | 40 |
| Clarify and Strengthen Provider Screening and Enrollment | | 143 | 147 | 290 |
| Head Start Background Checks (MDE) | | 51 | 8 | 59 |
| **Total Governor's Recommendations** | **223,416** | **200,012** | **236,359** | **436,371** |
| **Fund: 2001 - Other Misc Special Revenue** | | | | |
| **Forecast Revenues** | **264,469** | **199,539** | **165,724** | **365,263** |
| **Total Governor's Recommendations** | **264,469** | **199,539** | **165,724** | **365,263** |
| **Fund: 2360 - Health Care Access** | | | | |
| **Forecast Revenues** | **36,807** | **37,058** | **38,139** | **75,197** |
| **Total Governor's Recommendations** | **36,807** | **37,058** | **38,139** | **75,197** |
| **Fund: 2400 - Endowment** | | | | |
| **Forecast Revenues** | **1** | | | |
| **Total Governor's Recommendations** | **1** | | | |
| **Fund: 2403 - Gift** | | | | |
| **Forecast Revenues** | **66** | **66** | **66** | **132** |
| **Total Governor's Recommendations** | **66** | **66** | **66** | **132** |
| **Fund: 3000 - Federal** | | | | |
| **Forecast Revenues** | **9,310,297** | **10,021,338** | **10,049,358** | **20,070,696** |
| **Total Governor's Recommendations** | **9,310,297** | **10,021,338** | **10,049,358** | **20,070,696** |
| **Fund: 3001 - Federal TANF** | | | | |
| **Forecast Revenues** | **250,113** | **250,114** | **250,113** | **500,227** |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| **Change Items** | | | | |
| Economic Stability for Families | | 3,098 | | 3,098 |
| **Total Governor's Recommendations** | **250,113** | **253,212** | **250,113** | **503,325** |
| **Fund: 4100 - SOS TBI & Adol Ent Svcs** | | | | |
| **Forecast Revenues** | **1,628** | **1,628** | **1,628** | **3,256** |
| **Total Governor's Recommendations** | **1,628** | **1,628** | **1,628** | **3,256** |
| **Fund: 4101 - DHS Chemical Dependency Servs** | | | | |
| **Forecast Revenues** | **8,001** | **8,836** | **8,836** | **17,672** |
| **Total Governor's Recommendations** | **8,001** | **8,836** | **8,836** | **17,672** |
| **Fund: 4350 - MN State Operated Comm Svcs** | | | | |
| **Forecast Revenues** | **106,826** | **106,597** | **107,922** | **214,519** |
| **Total Governor's Recommendations** | **106,826** | **106,597** | **107,922** | **214,519** |
| **Fund: 4503 - Minnesota State Industries** | | | | |
| **Forecast Revenues** | **1,607** | **1,607** | **1,607** | **3,214** |
| **Total Governor's Recommendations** | **1,607** | **1,607** | **1,607** | **3,214** |
| **Fund: 6000 - Miscellaneous Agency** | | | | |
| **Forecast Revenues** | **215,052** | **215,077** | **215,102** | **430,179** |
| **Total Governor's Recommendations** | **215,052** | **215,077** | **215,102** | **430,179** |
| **Fund: 6003 - Child Support Enforcement** | | | | |
| **Forecast Revenues** | **647,962** | **647,962** | **647,962** | **1,295,924** |
| **Total Governor's Recommendations** | **647,962** | **647,962** | **647,962** | **1,295,924** |
| ***Non-Dedicated*** | | | | |
| **Fund: 1000 - General** | | | | |
| **Forecast Revenues** | **485,764** | **497,998** | **509,313** | **1,007,311** |
| **Change Items** | | | | |
| Building an Integrated Behavioral Health Care Continuum | | (250) | (250) | (500) |
| Minnesota Sex Offender Program Funding | | 1,758 | 1,758 | 3,516 |
| Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs | | 6,068 | 6,068 | 12,136 |
| SIRS and CCAP Investigation Expansion | | 500 | 500 | 1,000 |
| Improving Medical Assistance Benefit Recovery | | 229 | 134 | 363 |
| **Total Governor's Recommendations** | **485,764** | **506,303** | **517,523** | **1,023,826** |

*(Dollars in Thousands)*

| | FY19 | FY20 | FY21 | Biennium 2020-21 |
|---|---|---|---|---|
| **Fund: 1200 - State Government Special Rev** | | | | |
| **Forecast Revenues** | **4,400** | **4,400** | **4,400** | **8,800** |
| **Change Items** | | | | |
| Licensed Home and Community Based Services (245D) unit funding | | 1,192 | 1,192 | 2,384 |
| Child Care Federal Compliance and Fees for Certified License-Exempt Centers | | 72 | 73 | 145 |
| **Total Governor's Recommendations** | **4,400** | **5,664** | **5,665** | **11,329** |
| | | | | |
| **Fund: 2000 - Restrict Misc Special Revenue** | | | | |
| **Forecast Revenues** | **6,068** | **6,068** | **6,068** | **12,136** |
| **Change Items** | | | | |
| Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs | | (6,068) | (6,068) | (12,136) |
| **Total Governor's Recommendations** | **6,068** | **0** | **0** | **0** |

**Change Item Title: ONEcare MN**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 52 | 858 | (15,030) | 25,740 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 1,938 | 5,850 | 9,904 | 138,788 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,990 | 6,708 | (5,219) | 164,435 |
| **FTEs** | 7 | 8 | 15.5 | 27.5 |

**Recommendation:**

The Governor recommends a comprehensive approach to ensure Minnesotans have access to high quality health care by addressing rising costs, increasing access to care, providing access to comprehensive coverage, and encouraging stability in the individual market.

This proposal represents a measured approach that creates alignment and continuity of care across Medical Assistance, MinnesotaCare, and new health insurance products that will be available to Minnesotans who can't access employer-based coverage or Medicare. This approach starts by focusing on the immediate challenges of affordability and access related to prescription drugs and dental care. It eventually incorporates these efforts into a comprehensive option for individuals to purchase a health insurance product similar to MinnesotaCare in cases where the individual market fails to provide sufficient coverage, access, or low-cost sharing options.

**Rationale/Background:**

Many Minnesotans lack affordable and comprehensive health coverage options. According to the Minnesota Department of Health (MDH) Health Care Access Survey, Minnesota saw one of the largest one-time increases in the number of people without insurance between 2015 and 2017, rising from 4.3 percent to 6.3 percent. This leaves approximately 349,000 Minnesotans without health coverage.

Based on figures from the MDH report, Minnesotans main source of health care coverage is through employer-sponsored insurance (52.9 percent down from nearly 70 percent in 2001). The next largest segment of the health insurance market is public insurance (36.5 percent), which includes Medicare, Medical Assistance, and MinnesotaCare. The rest of Minnesotans with health insurance purchase their coverage through the individual market (3 percent), totaling approximately 155,000 people as of April 2018.

Many factors contribute to the increasing numbers of Minnesotans unable to afford or access to comprehensive coverage, including the significant rise of prescription drug prices which also represents a larger portion of health care spending for Minnesotans and the state budget. According Minnesota's All Payer Claims Database (APCD), spending on prescription drugs in Minnesota is rising at a rate much higher than growth in the number of prescriptions. Between 2009 and 2013, prescription drug spending rose 20.6 percent. In Medical Assistance these increases have been substantial, with pharmacy service spending per enrollee increasing by 56.6 percent between 2012 and 2016. These increases have been significantly more rapid in the managed care pharmacy benefit than the fee-for-service benefit.

Access to dental care is another major problem in Minnesota, especially in areas of greater Minnesota. While access to coverage is an important step, coverage has not translated into access to care, as nearly half (49.6 percent) of Minnesotans with dental coverage went without care because of the cost in 2017. This is particularly true for Medical Assistance and MinnesotaCare enrollees. More than 60 percent of children in the Medical Assistance program did not see a dentist in 2016 and 2017. Studies performed by DHS in 2014 and 2015 show that many dentists, and particularly small clinics in rural areas of the state are discouraged from serving public program enrollees. This is attributed to administrative complexity, overall low reimbursement rates and uneven and disparate rate structures that go to only a small number of providers that are already well beyond capacity to serve additional patients.

Even middle-income individuals go without dental coverage. Those that have coverage are required to pay significant amounts of cost sharing. For many, the cost of dental care prohibits people from accessing care, even when they need it. Without dental coverage, people access care in the emergency room and are often prescribed drugs to manage pain without resolution of the dental issue. A comprehensive approach that restructures both the administrative and payment structure for dental services is needed to address the lack of dental care access.

There is also lack of affordable coverage options for individuals whose family members have access to employer sponsored coverage. Individuals cannot access advanced premium tax credits or MinnesotaCare if they have access to "affordable" employer sponsored insurance. Employer sponsored coverage is deemed affordable if the employee's contribution to the premium does not exceed 9.86 percent of his or her annual household income. However, due to an issue with federal law known as the "family glitch," this threshold is only applied to coverage for the employee and not the employee's family. If the coverage is determined affordable for the employee, it is automatically considered affordable for the employee's spouse and dependents. As a result, some families are barred from enrolling in MinnesotaCare or advanced premium tax credits with the purchase of a qualified health plan, even though the employee's share of the cost to cover their spouse and dependents exceeds the affordability threshold.

Under the Affordable Care Act (ACA), states are permitted to pursue federal authority to waive certain rules of the ACA. This authority under section 1332 of the ACA, also known as a *state innovation waiver*, allows states to develop and implement creative strategies for providing health care coverage, while retaining the basic protections and goals of the ACA. To receive federal approval, a state must show that its alternative approach provides coverage to as many residents and ensures access to care that is at least as comprehensive and affordable as would have been provided without the waiver.

## Proposal:

The ONECare MN package offers a measured approach to increase access to comprehensive coverage options, encourage stability in the individual market, address rising health care costs and improve access to care and the health care experience for Minnesotans. The package leverages the state's purchasing power to negotiate the costs of prescription drugs that are currently driving health care spending and addresses the oral health disparities that exist in the state, especially in Greater Minnesota.

This proposal initiates a phased and multipronged strategy to ensure Minnesotans have access to comprehensive health care coverage, address rising costs, increase access to care, and encourage stability in the individual market. These efforts will also align and improve the experience for enrollees and providers across Medical Assistance, MinnesotaCare, and Buy-In products.

This proposal will:

- Create a comprehensive health coverage option for Minnesotans statewide by offering a platinum-level buy-in product in Minnesota's individual market for plan year 2023.

- Ensure health coverage choice and low-cost options by offering silver- and gold-level buy-in products in any region of the state where the individual market fails to provide options.
- Aligns the prescription drug benefits for all state health coverage programs and buy-in products under a common administrative structure to better leverage the state's purchasing power to bring down prescription drug prices, increase transparency and ensure access to comprehensive drug coverage statewide.
- Creates a simpler more and equitable model for purchasing dental benefits by establishing a common administrative structure across all public health coverage programs and buy-in products and increasing provider rates with more reasonable levels of patient cost sharing, providers serve all patients in their community, improving dental access and experiences for Minnesotans.
- Provide the necessary resources to analyze options to ensure affordable premiums and stabilize the individual market, including a study on risk adjustment.
- Remove the family glitch that occurs when employer sponsored coverage is deemed affordable for an entire family based on the cost of coverage for the employee only.

This proposal will be implemented in two phases. The first phase, beginning in fiscal year 2022, will establish a pharmacy benefit for public programs administered by DHS to make prescription drugs cheaper statewide and will expand access to dental care by restructuring the administration and payment rates, allowing the Buy-In products and other entities to be added in the second phase. In the second phase DHS will offer a comprehensive platinum product statewide in the individual market and silver and gold products in areas that experience substantial market instability or failures. This phase will require federal waiver approval.

*Provide comprehensive coverage statewide*
This proposal creates a comprehensive, platinum-level Buy-in product for consumers purchasing health insurance in Minnesota's individual market statewide. This product will have a 90 percent actuarial value (AV), which means that plan will cover 90 percent of the costs to the consumer. This product will offer a similar provider network and benefit set as the MinnesotaCare program, including dental, vision and behavioral health benefits. Consumer premiums will reflect the full cost of care and administrative costs to operate the program. Payments to providers for covered services will be set no lower than Medicare provider rates.

This product will be made available to consumers for coverage purchased during the 2022 open enrollment effective for services provided on or after January 1, 2023. As with the purchase of any qualified health plan (QHP), individuals eligible for advance federal premium tax credits subsidies will be able to apply this assistance to reduce the cost of the product.

Because the platinum product may attract people with higher heath needs and medical expenses, the Department of Commerce will study its effects in the market and evaluate the potential use of state-based risk adjustment in the future.

*Ensure choice and low-cost options*
DHS will also offer an affordable and comprehensive Buy-in option for consumers purchasing health insurance in Minnesota's individual market in regions of the state that experience one or more market failures, as defined by the Minnesota Department of Health (MDH.) MDH and the Department of Commerce will begin to monitor market stability in January of 2022 to determine whether triggering conditions are met in any given rating region.

A market failure includes zero plan offerings in any county within a rating region and will trigger DHS to offer two Buy-in products in the individual market for that region equivalent to a gold-level and silver-level product. A gold level plan provides 80 percent actuarial value, and a silver level plan provides 70 percent actuarial value. This means that the plan will cover 80 percent or 70 percent of a person's health care expenses for the year,

respectively. As with the purchase of any QHP individuals eligible for advance federal premium tax credits subsidies will be able to apply this assistance to reduce the cost of the product.

These products will be made available to consumers after plan year 2024 if a market failure is declared in a rating region. Once a region experiences a market failure and the Buy-In products are triggered, the gold and silver Buy-In products will be offered for the next five years in that region. This proposal is intended to encourage increased carrier participation and also ensures that all Minnesotans, regardless of where they live, will be have access to affordable, comprehensive coverage.

Plan selection and enrollment for the platinum Buy-In product available on MNsure during open enrollment in the fall of 2022 for plan year 2023. DHS will contract with a third-party administrator (TPA) to process claims and other administrative functions for the Buy-In product. Additionally, entities participating in the state's employee health plan, Medical Assistance, and MinnesotaCare, will be required to submit a good faith bid to provide TPA services for Buy-In products in circumstances where a market failure is determined, and a silver and gold product are offered on the individual market.

To make use of all possible federal funding opportunities, Minnesota will seek a 1332 waiver to capture the federal savings to improve affordability for consumers by providing premium assistance through advanced premium tax credits (APTC) and will work to lower cost sharing for those purchasing the platinum product. Federal payments and enrollee premiums will be sufficient to fund the program after the initial implementation.

This proposal would also address the family glitch by determining the affordability of employer sponsored coverage based on the cost of coverage for the entire family, rather than the cost of coverage for the employee only. Families who have access to employer sponsored coverage that is deemed affordable based on the cost of coverage for the entire family would continue to be barred from MinnesotaCare or advanced premium tax credits. However, families who's employer sponsored coverage is deemed not affordable based on the cost of coverage for the entire family would be eligible for MinnesotaCare starting in January 2021 or upon federal approval, or advanced premium tax credits with the purchase of a qualified health plan starting in January 2023 or upon federal approval. Families who receive coverage through MinnesotaCare under this proposal will be funded by the state and through enrollee premiums currently set in state statute.

*Reduce prescription drug prices statewide*

Under this proposal, DHS will administer the pharmacy benefit for Medical Assistance, MinnesotaCare, and later, the Buy-In for products beginning in plan year 2022. Currently, pharmacy benefits are either administered by DHS or Managed Care Organizations (MCOs) through their Pharmacy Benefit Managers (PBM). By moving management of the pharmacy benefit to DHS, the state will be able to leverage the negotiating power of more than 1 in 5 Minnesotans and have greater visibility and transparency into pricing and operations. This new pharmacy program will rely on the state's preferred drug list process, which is established and maintained transparently with consumer and provider input. Additionally, the state-based program will be designed with the potential to include other groups in the future, like employer-based or self-insured products to negotiate better prices for Minnesotans and the state.

*Improve access to dental care*

This proposal establishes a simpler and more efficient model for purchasing dental benefits through a common administrative structure, updated payment methodology, and increased provider rates. Implementing a streamlined structure for dental services will result in increased administrative efficiencies for providers and improve the consumer experience.

Additionally, this proposal will equalize payment rates by providing a 54 percent rate increase over the current Medical Assistance fee schedule for adult dental services and a 24.4 percent rate increase for children's dental services (children's dental services rates are currently higher than rates for adults). This investment is made

possible by repurposing both the critical access and rural dental add-on payments for an across-the-board increase that will remove the payment disparities among dental providers across the state.

Administrative simplification combined with an equitable rate structure that pays all dentists the same rates for providing the same services helps to create an environment where dental practices throughout Minnesota, including rural areas, can serve all people in their communities. Making dental care accessible to people in their local communities strengthens those communities by helping to reduce inequities that exist across racial, ethnic and socio-economic groups. Accessible local dental care also reduces the long distances people on state health care programs currently must travel to receive dental care, if they are fortunate enough to find a provider that will see them.

*Fiscal impacts of the proposal*

The proposal uses a one-time appropriation of $112 million from the Health Care Access Fund to establish a program reserve to support any cash-flow, coverage, claims and liabilities for the program at the beginning and into the future. This allows DHS to meet any cash flow deficiencies related to the timing of the receipt of federal funds or enrollee premium payments by DHS and the need to expend funds to cover for administrative and enrollee costs.

Additionally, the Buy-In will require funding to maintain benefit and eligibility policy, manage federal waiver processes and reporting requirements, oversee financial operations, contract with third party administrators, and support rate setting and contracting processes. This estimate also assumes that, beginning plan year 2023 and thereafter, the consumer premiums will fund all ongoing costs necessary to manage the program and support ongoing maintenance of IT systems and operational and administrative functions. This includes any costs allocated to support operations related to offering these products in MNsure as a QHP.

This estimate also provides $500,000 in funding for a study by the Department of Commerce around risk adjustment related to the platinum product potentially reducing rates for the other health plans in the individual market. Additionally, $710,000 in funding for the Minnesota Department of Health is also included to ensure monitoring of the individual market in the various rating regions.

In the first phase of implementation, administering a uniform pharmacy and dental benefit will require funding for operations and IT systems.

The uniform pharmacy administration moves health plans' or MCO's spending on pharmacy to fee-for-service by identifying the portion of the capitation payment attributable to pharmacy and the effect of removing it from the managed care capitation payments. One dynamic that offsets the anticipated savings is the need to "buy back" some payments currently withheld from health plan payments. Under current law, a portion of health plan payments are withheld over the course of a calendar year and are paid in the following fiscal year. By carving this benefit out of managed care contracts, the state will no longer be delaying a portion of payments. This "buying back" of the withhold offsets state savings until FY 2024.

This proposal also assumes savings are realized on payments for drugs purchased through the 340B drug discount program. Currently MCOs are not able to capture the same level of cost savings that DHS does in Fee for Service (the portion of MA administered directly between DHS and providers) through the 340B program. In Fee for Service, payments for drugs dispensed by 340B providers must reflect the discounted price at which the provider was able to purchase the drug. DHS observes a 40 percent lower cost on 340B drugs in Fee for Service.

The proposal repurposes current dental add-on payments for the across the board rate increases in dental rates. These changes would be effective on January 1, 2022. The total fiscal impact on the program include some savings from lower managed care administrative costs which is offset by new administrative costs for a dental

administrator. This proposal also includes funding for one new full-time employee to manage the dental vendor contract.

This proposal results in a net reduction to MinnesotaCare payment rates from eliminating dental add-on payments and reducing administrative costs. The base rate for dental services in MinnesotaCare was increased by 54 percent during the 2017 legislative session.

## Equity and Inclusion:

This proposal targets the more than 349,000 Minnesotans without health coverage today. There are considerable and persistent disparities in insurance coverage by race and ethnicity, income, age and education, as well as their impact on access to health care. In 2017, the following Minnesotans had the highest rates of being uninsured.

- Young adults, ages 18 to 34 (10.9 percent)
- Persons with incomes below 200 percent of the federal poverty guidelines (11.3 percent)
- People with a high school education or less (11.9 percent)
- People of color and American Indians (13.9 percent)

Additionally, people of color and American Indians have less access to employer-sponsored coverage (61 percent) compared to white Minnesotans (79 percent.) Disparities in employer-sponsored rates persisted across income levels, so even at the highest income levels (400 percent of FPL), access to employer-sponsored coverage was lower for people of color and American Indians. At the same time, obtaining health insurance through public coverage or the individual market, can be challenging financially, and in terms of time, documentation needed and complexity in enrollment process. This may also include efforts to ensure enrollment tools offered and the communication about the benefits of coverage are enrollee focused and designed based on individuals' needs or circumstances.

Minnesotans in rural areas are also more likely to purchase their own coverage than in urban counties, and since 2016, were more likely to obtain it through MNsure.

Minnesota living in rural areas also face unique challenges in accessing health care. While the proportion of Minnesotans on Medicaid Assistance and MinnesotaCare is greater in rural Minnesota, people in rural areas are also more likely to purchase their own coverage than in urban counties and obtain it through MNsure. This has been particularly concerning as the number of health plan choices are much more limited than metro areas, and some rural counties have been left with very few options for consumers. Additionally, according to MDH those in greater Minnesota are less likely to visit a doctor each year than those in urban communities due to transportation, not having insurance, and provider network gap issues. Nearly a quarter of rural Minnesotans are still struggling with paying medical bills, and 1 in 5 rural Minnesotans are not getting needed health services because of cost.

While the reasons people do not purchase insurance are complex, there are many ways to address these issues beyond bringing down health care costs. ONECare MN offers a multipronged measured approach to increase access to comprehensive coverage options, encourage stability in the individual market, address rising health care costs and improve access to care and the health care experience for Minnesotans. The package leverages the state's purchasing power to negotiate the costs of prescription drugs that are currently driving health care spending and addresses the oral health disparities that exist in the state, especially in Greater Minnesota.

## IT Related Proposals:

This proposal will establish a prescription drug module and IT changes to implement the new rates and administrative structure for dental.

DHS will contract to establish the Buy-In product on MNSure and with a TPA to perform enrollment and claims functions for the Buy-In products.

## Results:

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Uninsured rate | 4.3% | 6.3% | 2015, 2018 |
| Quantity | Percentage of children who receive at least one dental service in a year. | 37% | 36% | FFY 2016-17 |
| Quality | Percentage of children enrolled for 90 continuous days who receive a preventive dental service. | 39% | 39% | FFY 2016-17 |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 52 | 858 | 910 | (15,030) | 25,740 | 10,710 |
| HCAF | | | 1,938 | 5,850 | 7,788 | 9,904 | 138,788 | 148,692 |
| Federal TANF | | | | | | | | |
| Other Fund | | | 0 | 0 | 0 | (93) | (93) | (186) |
| **Total All Funds** | | | 1,990 | 6,708 | 8,698 | (5,219) | 164,435 | 159,216 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | MA Grants | 0 | 0 | 0 | (18,319) | 20,939 | 2,620 |
| HCAF | 33 | MA Grants | 0 | 0 | 0 | 0 | 12,662 | 12,662 |
| HCAF | 31 | MinnesotaCare Grants | 0 | 3,137 | 3,137 | 6,101 | 11,365 | 17,466 |
| GF | 13 | HCA Admin (Contracts) | 0 | 0 | 0 | 2,581 | 5,342 | 7,923 |
| GF | REV1 | Contract FFP @ Various | 0 | 0 | 0 | (1,174) | (2,417) | (3,591) |
| HCAF | 13 | HCA Admin (Contracts) | 0 | 0 | 0 | 631 | 1,612 | 2,243 |
| GF | 13 | HCA Admin (FTEs - FFP Eligible) | 77 | 181 | 258 | 330 | 320 | 650 |
| GF | REV1 | FFP @ 32% | (25) | (58) | (83) | (106) | (102) | (208) |
| HCAF | 13 | HCA Admin (FTEs -QHP) | 256 | 271 | 527 | 628 | 319 | 947 |
| HCAF | 13 | HCA Admin (FTEs - FFP Eligible) | 362 | 492 | 854 | 488 | 614 | 1,102 |
| HCAF | REV1 | FFP @ 32% | (116) | (157) | (273) | (156) | (196) | (352) |
| HCAF | 31 | Reserves | 0 | 0 | 0 | 0 | 112,000 | 112,000 |
| SRF | 13 | HCA Admin (DRAMS) | 0 | 0 | 0 | (93) | (93) | (186) |
| HCAF | 11 | Systems | 911 | 1,932 | 2,843 | 1,932 | 182 | 2,114 |
| GF | 11 | Systems | 0 | 735 | 735 | 1,658 | 1,658 | 3,316 |
| HCAF | 13 | Transfer to the Dept. of Commerce | 500 | 0 | 500 | 0 | 0 | 0 |
| HCAF | 13 | Transfer to the Dept. of Health | 25 | 175 | 200 | 280 | 230 | 510 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | DHS FTEs | 7 | 8 | | 15 | 27 | |
| | | MDH FTEs | | | | 0.5 | 0.5 | |

## Statutory Change(s):

256B; 256L; New chapter of law under 256

**Change Item Title: Repeal Sunset of the Provider Tax**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| Tax Aids, Credits and Refunds | | | | |
| Health Care Access Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 236,777 | 733,429 | 770,784 | 809,287 |
| Department of Human Services | | | | |
| Health Care Access Fund | | | | |
| Expenditures | 11,564 | 27,551 | 45,973 | 39,259 |
| Revenues | 0 | 0 | 0 | 0 |
| MMB Non-Operating | | | | |
| Health Care Access Fund | | | | |
| Transfers Out | | | 122,000 | 122,000 |
| General Fund | | | | |
| Transfers In | | | 122,000 | 122,000 |
| Net Fiscal Impact = (Expenditures – Revenues) | (225,213) | (705,878) | (724,811) | (770,028) |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

To support essential health care services and expand access to health insurance, the Governor recommends repealing the sunset on the two percent taxes on hospitals, surgical centers, health care providers, wholesale drug distributors, and those subject to the legend drug use tax contained in Minnesota Statutes, section 295.52. This proposal increases revenues to the Health Care Access Fund by $970 million in the FY 2020-21 biennium.

The repeal of the tax sunset restores a provider rate increase that was established in 2003 to offset the cost of paying the provider tax on Medical Assistance and MinnesotaCare covered services.

The additional revenue creates a positive projected balance in the Health Care Access Fund. This balance triggers a statutory transfer to the General Fund of $122 million per year.

## Rationale/Background:

The Provider Tax is an essential source of funding for the Health Care Access Fund which provides health care coverage through the MinnesotaCare and Medical Assistance (MA) programs and supports public health activities through the Minnesota Department of Health. The reinstatement of the Provider Tax would also enable the Health Care Access Fund to support the Health Insurance Premium Subsidy and Health Insurance Tax Credit to stabilize and make the individual health insurance market more affordable.

Minnesota levies a two percent tax on revenue from patient services at hospitals, surgical centers and health care providers. This two percent tax also applies to the gross revenue of wholesale drug distributers as well as on amounts paid for prescription drugs by entities subject to the legend drug use tax.

Under current law, the provider taxes sunset on December 31, 2019. Repealing the sunset of the provider tax provides greater funding stability for the state's initiatives to promote access to health care, improve the quality of care, and contain health care costs. This proposal raises about $237 million and $733 million of revenue in fiscal years 2020 and 2021 respectively.

In 2003, the state legislature removed an exemption on taxing health care provider revenue for services provided to recipients of MA and MinnesotaCare and increased provider payment rates by two percent for these services subject to this tax. The November 2016 MA and MinnesotaCare forecast accounted for the provider tax sunset by removing the value of the two percent rate increase effective January 1, 2020. Repealing the provider tax sunset reinstates the two percent rate increase in MA and MinnesotaCare, resulting in a net cost to the state of just over $39 million in FY 2020-21.

The current tax rate is 2%, although each year the rate must be reduced if the Commissioner of Management and Budget determines that projected revenue to the Health Care Access Fund is greater than 125% of expenditures and transfers, and the cash balance in the fund is adequate.

This proposal also amends existing nexus language and treats interest on overpayments for provider taxes consistent with other taxes. While current statutory language establishes nexus under the United States Constitution, this proposal addresses the impact of the United States Supreme Court decision in *Wayfair v. South Dakota* by providing for minimum economic nexus thresholds. Regarding interest, this proposal provides 90 days from the due date of the return or the date on which the original return is filed, whichever is later, before the amount refunded begins to bear interest.

## Proposal:

This proposal repeals the sunset of the two percent provider taxes contained in Minnesota Statutes, section 295.52, to ensure funding for MinnesotaCare, Medical Assistance (MA), and public health activities through the Minnesota Department of Health. The repeal also supports proposals recommended in the Governor's budget to stabilize the individual health insurance market and make insurance more affordable. The individual market stabilization and affordability proposals include the Health Insurance Premium Subsidy and a Health Insurance Premium Tax Credit.

## Equity and Inclusion:

Medical assistance is the largest expenditure from the Health Care Access Fund and currently provides health insurance coverage to over 1 million Minnesotans, who meet income limits. MinnesotaCare assists those most in need that are not already covered by existing programs. To be eligible for MinnesotaCare, individuals must meet income limits, not be eligible for Medical Assistance, and satisfy other requirements related to residency and lack of access to other health insurance. MinnesotaCare coverage is available to persons with incomes greater than 133 percent of federal poverty guidelines but not exceeding 200 percent, if other program eligibility requirements are met.

## Results:

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Avg. monthly MinnesotaCare enrollment | 115,754 | 86,310 | FY 2016 & 2019 |

## Statutory Change(s):

Minnesota Statutes, section 295.51, subd. 1a
Minnesota Statutes, section 295.52, subd. 8
Minnesota Statutes, section 295.57, subd. 3;
Minn. Laws 2011, 1st Spec. Sess. Ch. 9, art. 6, sec. 97, subd. 6.

**Change Item Title: Child Care Assistance Program Federal Compliance – Program Improvements**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 865 | 7,326 | 10,419 | 10,637 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 865 | 7,326 | 10,419 | 10,637 |
| **FTEs** | **1.5** | **2** | **2** | **2** |

## Recommendation:

The Governor recommends $8.2 million in FY 2020-2021 and $21.1 million in FY 2022-2023 to improve the Child Care Assistance Program (CCAP). This represents a 2.5% increase to the current budget for CCAP for FY 2020-2023. These investments support family stability and improve the safety and school readiness of children served in child care settings across the state. These investments also comply with federal requirements.

## Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care, allowing parents to go to work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

This proposal:

- Ensures families are receiving the benefits of 12-month eligibility;
- Prioritizes homeless families;
- Ensures out-of-state providers meet federal health and safety requirements; and
- Offers expanded due process rights for providers.

***Program improvements***

These changes are required under the federal Child Care Development Block Grant (CCDBG). In Federal Fiscal Year 2018, Minnesota received $120.83 million from the federal Child Care Development Fund. These funds help pay for initiatives to improve the quality of child care and for the Child Care Assistance Program, which includes Basic Sliding Fee child care and Minnesota Family Investment Program child care. Most changes to CCAP were federally required to be implemented by Sept. 30, 2016. Minnesota did not comply with this timeline. The federal Office of Child Care approved waiver extensions for most unmet federal requirements by Minnesota until Sept. 30, 2018. Minnesota may face penalties, including a reduction of CCDBG funds, if it is not in full compliance with federal law soon.

***Expanding due process for providers***

Currently, appeal rights for providers who receive CCAP are limited to a few specific reasons (e.g. overpayments, fraud disqualifications established by an Administrative Disqualification Hearing). For example, under current law,

if a provider loses their CCAP approval for any reason other than being disqualified for fraud, the provider cannot appeal. Only families who use the provider and receive CCAP can appeal this type of adverse action.

## Proposal:

These changes will improve the experiences that potentially all children and families have with the Child Care Assistance Program (CCAP). These provisions build on the changes passed by the 2017 Legislature to bring CCAP into federal compliance. This proposal:

Ensures that families do not lose assistance during their 12 month eligibility period by:

- Eliminating the six month limit on Portability Pool for families who move between counties. It is federally required to continue assistance until the family's next redetermination. This provision ensures families do not lose eligibility due to current Portability Pool time limits and meets federal requirements. This change is effective 12/02/2019.
- Making it easier for families who received Minnesota Family Investment Program/Diversionary Work Program (MFIP/DWP) to continue receiving child care once MFIP/DWP ends. Families who received MFIP/DWP for at least one of the last six months will qualify for Transition Year child care. It is federally required to continue assistance until the family's next redetermination. This provision meets federal requirements by ensuring all families who received MFIP child care will meet the Transition Year child care requirements. Some families who have not received MFIP child care will qualify for Transition Year child care if they received at least one month of MFIP eligibility in the last six months. This provision also maintains program simplicity. This change is effective 03/23/2020.
- Continuing child care eligibility until the family's next redetermination when a child turns 13 years old or a child with a disability turns 15 years old. It is federally required to continue assistance until the family's next redetermination; this provision meets this federal requirement. This change is effective 06/29/2020.

Makes child care available and accessible to more children experiencing homelessness by:

- Creating an expedited five business-day application process for families who are homeless. Proof of eligibility would be required within three months (but not prior to approval) or assistance would end. It is federally required that states expedite applications for families who are homeless, including processing applications faster and prior to receiving proof of eligibility. This provision meets federal requirements. The federal rule generally requires that assistance be provided for at least three months; therefore, proof of eligibility could likely not be required sooner than three months. States have discretion to determine the processing timeframe. The five day limit aligns with expedited SNAP issuance. This change is effective 09/21/2020.
- Exempting families experiencing homelessness from activity requirements during the three month period following application. Care would be approved for up to 30 hours per week. This provision is not a federal requirement, but aligns with federal direction to prioritize children who are homeless. Families would need to meet activity requirements within the three months for child care eligibility to continue. This change is effective 09/21/2020.

Ensures that children are cared for in safe, nurturing environments by:

- Requiring that out-of-state providers meet federal health and safety requirements to receive Minnesota CCAP payments. It is federally required for providers to meet health and safety standards. This provision meets federal requirements, and has no cost. This change is effective 07/01/2019.

Expands due process rights for providers, effective 02/26/2021. An increase in provider appeals from fewer than 25 to approximately 400 is estimated. This proposal adds two FTEs to the Appeals Division, as compared to the 31 current full-time and six part-time judges. The expansion occurs by:

- Retaining all current due process rights for providers and adding additional due process rights for all other adverse actions CCAP may take against a provider.

- Transferring appeal rights, for adverse actions against the provider, from families to providers who have the knowledge to argue on their own behalf.
- Giving providers the right to either a fair hearing or an administrative review:
    - An administrative review will occur when payments are suspended due to a fraud investigation. In situations where a criminal conviction or an administrative disqualification is pending, this gives providers due process rights without compromising future actions. This mirrors current policies and procedures for health care providers.
    - A fair hearing will occur for all other adverse actions. When a provider's CCAP registration is closed due to a licensing action, the fair hearing occurs after the licensing issue is resolved.

## Equity and Inclusion:

People of color are disproportionately likely to be poor in Minnesota. For instance, the poverty rate for African Americans in Minnesota is higher than that of African Americans in Alabama or Mississippi.[1] Therefore, people of color are disproportionately likely to turn to forms of public assistance, such as child care assistance, because of financial crises. Program complexity adds to the stress already imparted by poverty and discrimination experienced by the people we serve. Access to child care, specifically high quality care, may improve disparities in school readiness.

Because over 67% of the children served by CCAP are children of color or American Indian children, proposals that improve the program for positively impact children of color or American Indian children.

***Monthly averages, by percent, of children by race and ethnicity in the Child Care Assistance Program***

| State Fiscal Year | African-American | American Indian | Asian/Pacific Islander | Hispanic / Latino | Multiple races | White | Unknown |
|---|---|---|---|---|---|---|---|
| **SFY18** | 52.9 | 1.2 | 1.6 | 5.1 | 6.4 | 28.5 | 4.2 |
| **SFY 17** | 51.4 | 1.2 | 1.8 | 5.2 | 6.4 | 29.8 | 4.2 |
| **SFY 16** | 48.4 | 1.3 | 2 | 5.5 | 6.8 | 31.9 | 4.1 |
| **SFY 15** | 46 | 1.4 | 2.1 | 5.7 | 7 | 33.8 | 4 |

## IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC$^2$, the automated case management computer system that supports the Child Care Assistance Program, will need to make changes to implement most of these proposals. Costs include $343,000 in FY 2020-2021.

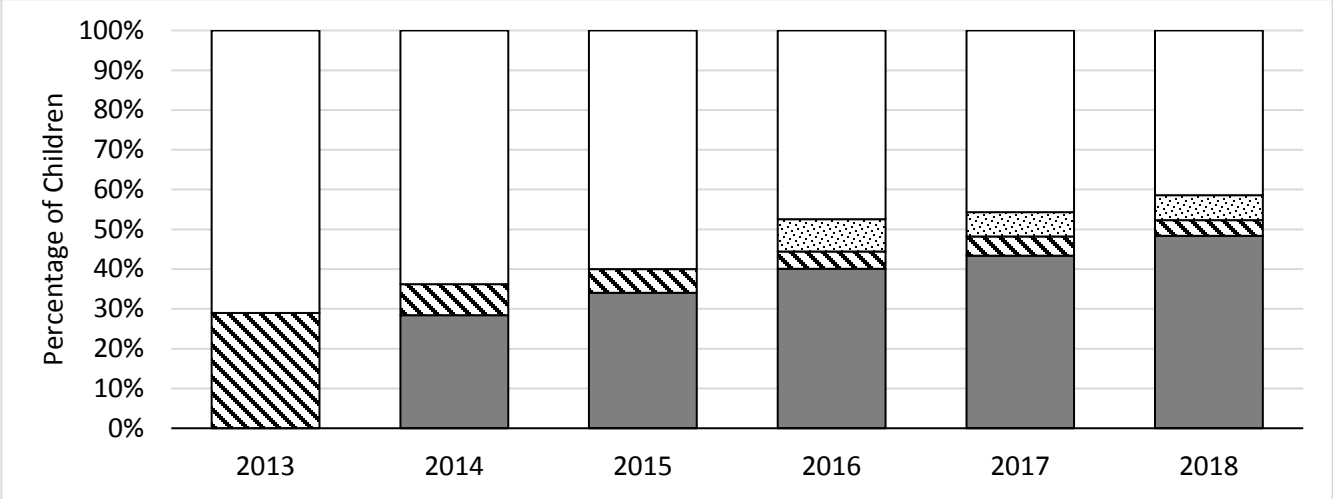
## Results:

Children who participate in high-quality early care and education are more likely to have school success and positive life-long outcomes. The percent of children ages zero to five receiving CCAP who use providers eligible for the higher rates for quality has increased from 29 percent in 2013 to 52 percent in 2018. In 2014 providers with a Parent Aware rating of Three- or Four-Stars began receiving the CCAP higher rates for quality. Previously, only providers with certain accreditations and family child care providers with certain credentials were eligible for the higher rates for quality.

[1] State Health Facts, the Henry J Kaiser Family Foundation, using the US Census Bureau's March Current Population Survey Data, 2017.

The policies in this proposal work to keep children in child care with fewer disruptions and more consistent schedules. This will allow more families to choose high quality care for their children, and encourage high quality providers to serve more children receiving child care assistance.

***Growth of Quality Care Use among Children Receiving CCAP Ages 0 to 5***




| | Child's Provider Credentials | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|
| | Provider holds Parent Aware 3-4 Star* | NA | 28% | 34% | 40% | 43% | 48% |
| | Provider holds Accreditation* | 29% | 8% | 6% | 5% | 5% | 4% |
| | Provider holds Parent Aware 1-2 Star | NA | NA | NA | 8% | 6% | 6% |
| | Standard Care | 71% | 64% | 60% | 47% | 46% | 41% |

* *These providers are eligible for CCAP higher rates for quality. Additional data notes:*

- Percentages based on unduplicated child count using July service month of each year.
- Any child using multiple providers during the service month is counted based on their providers' highest credential ranking. The ranking, from highest to lowest, is Parent Aware 3-4 Star, Accreditation, Parent Aware 1-2 Star, and Standard Care.
- NA indicates the CCAP data system (MEC$^2$) did not track provider Parent Aware ratings of this type at this time.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 865 | 7,326 | 8,191 | 10,419 | 10,637 | 21,056 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 865 | 7,326 | 8,191 | 10,419 | 10,637 | 21,056 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Systems (MEC2 State Share @ 55%) | 286 | 57 | 343 | 57 | 57 | 114 |
| GF | 22 | MFIP Child Care | 393 | 5,806 | 6,199 | 6,831 | 7,001 | 13,832 |
| GF | 42 | BSF | 39 | 1,294 | 1,334 | 3,362 | 3,410 | 6,772 |
| GF | 11 | Appeals (2 positions) | 216 | 249 | 465 | 249 | 249 | 498 |
| GF | Rev1 | FFP @ 32% | (69) | (80) | (149) | (80) | (80) | (160) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Appeals (2 Positions) | 1.5 | 2 | | 2 | 2 | |

## Statutory Change(s):

Minnesota Statutes, Chapter 119B, 245E

**Change Item Title: Child Care Assistance Program Maximum Rates – Update Maximum Rates**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 2,772 | 8,064 | 16,694 | 34,256 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 17,949 | 24,751 | 17,130 | 0 |
| Revenues | (17,949) | (24,751) | (17,130) | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,772 | 8,064 | 16,694 | 34,256 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends $10.8 million in FY 2020-2021 and $51 million in FY 2022-2023 to update maximum rates paid to child care providers under the Child Care Assistance Program (CCAP). This represents a 10.4% increase to the current budget for CCAP in FY 2020-2023. Updating maximum rates supports family stability, provider stability and improved school readiness of children served in child care settings across the state. Additionally, this proposal will bring Minnesota into federal compliance until the next market rate survey is completed.

### Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

This proposal will impact approximately 70 – 80 percent of children and families served by CCAP and their providers. Every year that CCAP maximum rates are not updated likely increases the portion of a provider's price that is not fully covered by CCAP's maximum rates. Based on the 2018 market rate survey, statewide approximately 16.3% of licensed family child provider prices and 23% of licensed child care center prices were fully covered by CCAP's current maximum rates. When provider prices are not fully covered by CCAP maximum rates, costs may be passed along to the families on CCAP in addition to their copayment fees. This practice makes child care less accessible to low-income families even with child care subsidies.

Updating CCAP's maximum rates after the most recent completed market rate survey is required under the federal Child Care Development Block Grant (CCDBG). Most changes to CCAP were federally required to be implemented by Sept. 30, 2016. Because Minnesota has not updated the maximum rates using the most recently completed market rate survey, the federal Office of Child Care may require Minnesota to complete a corrective plan to bring our maximum payment rates into full compliance. Minnesota may face penalties, including a reduction of CCDBG funds, if it is not in full compliance with federal law 10/1/2019.

## Proposal:

This proposal includes three sections:

1. Update maximum rates paid under the Child Care Assistance Program
2. Update registration fees paid under the Child Care Assistance Program
3. Change the frequency of the child care provider market rate survey to every three years

These changes will improve most payment rates to providers caring for children receiving child care assistance. These provisions will improve accessibility to child care for most families receiving child care assistance. These provisions build on the changes passed by the 2017 Legislature to bring CCAP into federal compliance.

**Update maximum rates paid under the Child Care Assistance Program**

The Governor recommends updating the maximum rates paid to child care providers to the greater of the 25th percentile of the 2018 market rate survey or the rates in effect at the time of the update. Many maximum rates would increase, some rates would stay the same, and no rates would decrease under this proposal. The rate increase will be updated September 23, 2019.

State are federally required to update payment rates on an ongoing basis to align with the results of the most recent market rate survey. This proposal will bring Minnesota into federal compliance until the next market rate survey is completed.

**Update registration fee maximums paid under the Child Care Assistance Program**

The Governor recommends updating the registration fees paid to child care providers based on the 2018 market rate survey. The Governor recommends setting separate registration fee maximums for licensed family child care and child care centers.

Registration fee maximums would be set at the greater of the 25th percentile of the 2018 recent market rate survey or the registration fees in effect at the time of the update. Registration fee maximums will be updated September 23, 2019.

The Child Care Assistance Program currently pays for up to two registration fees per child per year. States are federally required to pay registration fees that providers charge to private-paying families. Updating the registration fee maximums increases CCAP program costs by $65,000 in FY 2020-2021 and $74,000 in FY 2022-2023.

**Change the frequency of the child care provider market rate survey**

The child care market rate survey is currently conducted every two years. The most recent survey was conducted in 2018. This proposal would change the frequency of the market rate survey to every three years. Under this proposal, the next market rate survey would be conducted in 2021. Changing to a three year frequency aligns with federal requirements.

**Additional federal funds**

In Federal Fiscal Year (FFY) 2018, Minnesota received an additional $29.9 million from the CCDBG through the Consolidated Appropriations Act of 2018. These additional federal funds are to support the full implementation of the CCDBG Act of 2014. This proposal commits these projected CCDBG funds to offset a portion of the projected costs to minimize the state investment. The proposal assumes these additional funds will continue only through FFY 2019 and that the total additional federal funds to support this proposal will be $59.8 million. The CCDBG funds are sufficient to cover the costs of the increased rates for 2020-2021 and a portion of the cost for the 2022-2023.

## Equity and Inclusion:

People of color are disproportionately likely to be poor in Minnesota. For instance, the poverty rate for African Americans in Minnesota is higher than that of African Americans in Alabama or Mississippi.[1] Therefore, people of color are disproportionately likely to turn to forms of public assistance, such as child care assistance, because of financial crises. Access to child care, specifically high quality care, may improve disparities in school readiness.

Because over 67 percent of the children served by CCAP are children of color or American Indian children, proposals that improve the program for families and children, positively impact children of color or American Indian children.

***Monthly averages, by percent, of children by race and ethnicity in the Child Care Assistance Program***

| State Fiscal Year | African-American | American Indian | Asian/Pacific Islander | Hispanic / Latino | Multiple races | White | Unknown |
|---|---|---|---|---|---|---|---|
| **SFY18** | 52.9 | 1.2 | 1.6 | 5.1 | 6.4 | 28.5 | 4.2 |
| **SFY 17** | 51.4 | 1.2 | 1.8 | 5.2 | 6.4 | 29.8 | 4.2 |
| **SFY 16** | 48.4 | 1.3 | 2 | 5.5 | 6.8 | 31.9 | 4.1 |
| **SFY 15** | 46 | 1.4 | 2.1 | 5.7 | 7 | 33.8 | 4 |

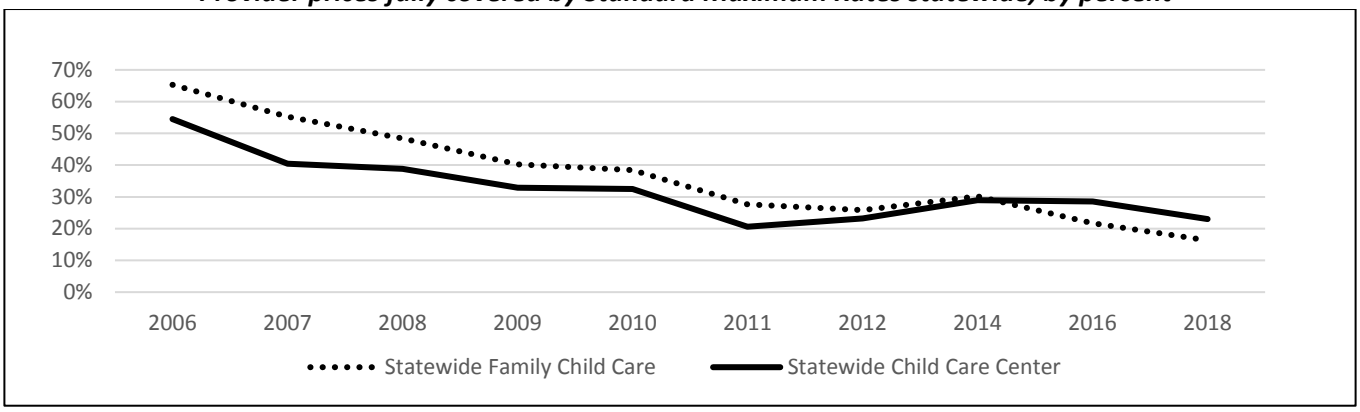
## IT Related Proposals:

The Minnesota Electronic Child Care Systems, or MEC$^2$, the automated case management computer system that supports the Child Care Assistance Program, will need changes to implement most of the proposals. The cost is $138,610 in FY 2019 (state share of $76,236) with $37,670 (state share of $15,247) ongoing.

## Results:

The last time some maximum rates were increased was in 2014. Since then, on a statewide basis the percent of provider prices fully covered has fallen from about 30 percent to about 20 percent, as shown on the graph below. This proposal will result in approximately 70 – 80 percent of maximum rates increasing. This will allow more families to choose child care providers whose prices are fully covered by the CCAP maximum rates. This will create more accessibility for families receiving child care assistance.

***Provider prices fully covered by Standard Maximum Rates statewide, by percent***



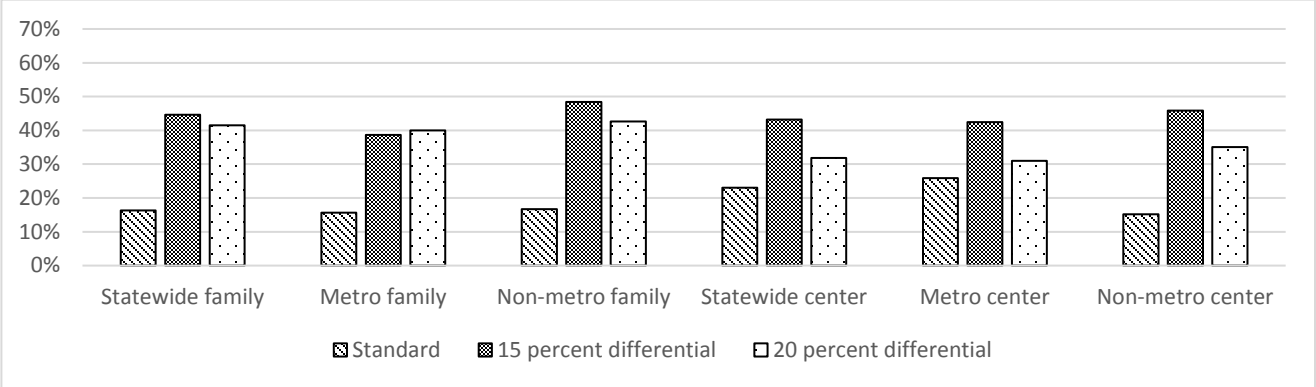

This proposal will also increase the accessibility to quality child care programs. Higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance

[1] State Health Facts, the Henry J Kaiser Family Foundation, using the US Census Bureau's March Current Population Survey Data, 2017.

Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care.

Specifically, the 20 percent differential allows the prices charged by center-based four-star rated metro providers to be fully covered by the maximum subsidy in the same proportion as the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

***Prices fully covered by Standard and Quality Differential Maximum Rates – 2018***




## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 2,772 | 8,064 | 10,836 | 16,694 | 34,256 | 50,950 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund Federal CCDF | | | | | | | | |
| **Total All Funds** | | | 2,772 | 8,064 | 10,836 | 16,694 | 34,256 | 50,950 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 22 | MFIP CCAP - State | 1,767 | 5,814 | 7,581 | 12,002 | 23,941 | 35,943 |
| FED | 22 | MFIP CCAP - CCDBG | 11,206 | 16,635 | 27,841 | 11,269 | - | 11,269 |
| GF | 42 | BSF CCAP – State | 929 | 2,235 | 3,164 | 4,677 | 10,300 | 14,977 |
| FED | 42 | BSF CCAP - CCDBG | 6,743 | 8,116 | 14,859 | 5,861 | - | 5,861 |
| FED | REV | Federal Revenue (CCDBG) | (17,949) | (24,751) | (42,700) | (17,130) | - | (17,130) |
| GF | 11 | MEC2 | 76 | 15 | 91 | 15 | 15 | 30 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

Minnesota Statutes, Chapter 119B

**Change Item Title: Child Care Assistance Program Basic Sliding Fee Waiting List**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | | | | |
| Revenues | 7,821 | 17,901 | 17,901 | 19,201 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 7,821 | 17,901 | 17,901 | 19,201 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends $25.7 million in FY 2020-2021 and $37.1 million in FY 2022-2023 to provide child care assistance to families on the waiting list for Basic Sliding Fee Child Care. This represents a 5.9% increase to the current budget for the Child Care Assistance Program (CCAP) for FY 2020-2023. These investments support family stability and improve the safety and school readiness of children across the state.

### Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger.

Basic Sliding Fee Child Care is a sub-program of the Child Care Assistance Program. Appoximately 55 percent of children served through Basic Sliding Fee Child Care are children of color or American Indian children. Basic Sliding Fee Child Care is a capped allocation that is allocated to county and tribal agencies. Some agencies maintain a waiting list due to demand. As of December 2018, twenty-five counties had a waiting list.

### Proposal:

This proposal provides additional funding to provide child care assistance to families on the waiting list for Basic Sliding Fee Child Care. A total of 1,948 families were on the waiting list in December 2018. It is estimated that approximately 1,000 of those families would be determined eligible if given the chance to apply. This proposal provides funding beginning in Calendar Year (CY) 2020 to serve approximately 1,000 additional families through Basic Sliding Fee Child Care.

The additional funding would be targeted to county and tribal agencies with a waiting list for Basic Sliding Fee Child Care. The funds will be distributed proportionately based on the average of the most recent six months of the waiting list. The partners needed to implement these changes include local agencies to process applications from families and administer CCAP.

The proposal includes reinvesting $2.6 million of underspending from the CY 2018 Basic Sliding Fee Child Care program. Although there is an overall need for the program, individual counties and tribes often underspend allocated funds as they balance meeting the needs of families and the financial obligation of potential overspending of their allocations. This resulted in underspending in CY 2018.

The other sub-program of the Child Care Assistance Program serves families who are on, or who have recently exited, the Minnesota Family Investment Program. This program is included in the State's budget forecast. If the family lives in a county with a waiting list, they are able to remain on the forecast program until funds become available in the Basic Sliding Fee program. By eliminating the waiting list, these families will move into Basic Sliding Fee more quickly, which generates a saving for the forecast program.

**Equity and Inclusion:**

Access to quality child care can improve school readiness for children while also supporting parental employment. The achievement gaps in Minnesota between white students and students of color are some of the worst in the nation. Providing children of color with access to quality child care can help narrow that achievement gap. This proposal would provide access to child care for additional young children, including children of color.

The race and ethnicity of families on the waiting list for Basic Sliding Fee Child Care is not reported. The race and ethnicity of children currently on the waiting list may be similar to that of families receiving Basic Sliding Fee Child Care in recent years. A break down of that information is below.

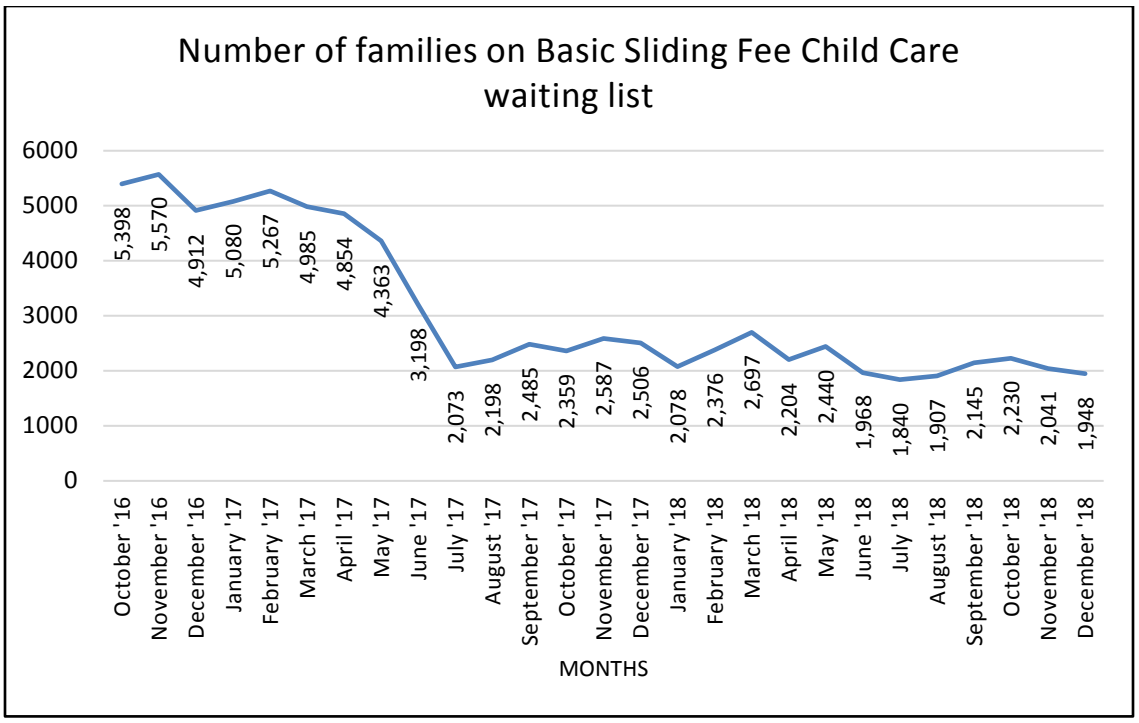
***Race and Ethnicity, by percent, of children receiving Basic Sliding Fee Child Care***

| State Fiscal Year | African-American | American Indian | Asian/Pacific Islander | Hispanic / Latino | Multiple races | White | Unknown |
|---|---|---|---|---|---|---|---|
| **SFY18** | 39.9 | 1.1 | 1.7 | 6 | 7.1 | 39.3 | 4.9 |
| **SFY 17** | 37.7 | 1.2 | 1.6 | 6.1 | 7.2 | 41.5 | 4.7 |
| **SFY 16** | 33.8 | 1.3 | 1.9 | 6.1 | 7.4 | 45.1 | 4.4 |
| **SFY 15** | 32.8 | 1.4 | 2.1 | 6.6 | 7.3 | 45.6 | 4.2 |

Monthly average percentage of children by race and ethnicity served in Basic Sliding Fee Child Care during the state fiscal year.

**Results:**

The number of families on the waiting list for Basic Sliding Fee Child Care is at the lowest statewide level in over ten years. While the number of families on the waiting list has decreased, the number of counties that have a waiting list has increased. Under this proposal, the number of families on the waiting list would decrease to nearly zero for a period of time. Eventually, the number of families on the waiting list would likely begin to increase as additional demand for child care emerges.




**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|
| General Fund | 7,821 | 17,901 | 25,722 | 17,901 | 19,201 | 37,102 |
| HCAF | | | | | | |
| Federal TANF | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | 7,821 | 17,901 | 25,722 | 17,901 | 19,201 | 37,102 |

| Fund | BACT# | Description | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| GF | 42 | BSF | 9,401 | 17,901 | 27,302 | 17,901 | 19,201 | 37,102 |
| GF | 22 | MFIP/TY | (1,580) | - | (1,580) | - | - | - |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |
| | | | | | | | | |

**Statutory Change(s):**
Rider to 119B.

**Change Item Title: Child Care Assistance Program Integrity**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (747) | (1,353) | (1,394) | (1,435) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (747) | (1,353) | (1,394) | (1,435) |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends enhancing attendance record keeping requirements, clarifing absent day billing requirements, establishing a method for calculating attendance record overpayments, allowing a penalty for failure to report decreases in attendance, and limiting retroactive eligibility within the Child Care Assistance Program (CCAP). This proposal requests funding for system changes to track attendance record keeping overpayments and limiting retroactive eligibility, which produce overall program savings.

### Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

Each of these proposals increases accountability and helps ensure funds are spent with financial and administrative integrity. The proposals related to attendance records, billing for absent days and holidays, and reporting decreases in children's attendance give the Department of Human Services (DHS) stronger legal standing to enforce existing laws and ensure clarity and predictability for providers.

### Enhance attendance record keeping requirements

Licensing and CCAP require that providers keep daily attendance records for children receiving CCAP. Records must be kept at the site where care is provided, retained for at least six years, and produced immediately upon request. Keeping accurate and legible attendance records is important because records provide justification for billing and may be needed if children in care are exposed to infectious diseases.

The proposal clarifies that if a county or the commissioner requests attendance records, the provider must make the records available immediately, and attendance records not produced immediately cannot be introduced as evidence in any Fair Hearing or administrative disqualification.

DHS has also issued a Request for Information (RFI) to learn more about electronic methods for monitoring children's attendance as a possible new requirement for CCAP in the future.

### Billing for absent days and holidays

Providers bill an absent day when a child does not attend care on a day they are scheduled and authorized to attend and the provider is open. Providers bill a holiday when a child does not attend care on a day they are scheduled and authorized to attend because the provider is not open. Current law allows payment for up to 25 absent days and 10 holidays per child per calendar year. This proposal clarifies that absent days and holidays must be marked on the billing form. Any dates billed as if a child is present where attendance records indicate the child was absent are an overpayment.

### Method for calculating attendance record overpayments

Current law gives DHS and counties the authority to charge an overpayment when a provider violates attendance record keeping requirements. This proposal establishes a uniform method for calculating the amount of these overpayments. The overpayment amount assessed to the provider for each child will be equal to the daily rate for any day the provider fails to comply with attendance record keeping requirements.

### Penalty for failure to report decreases in attendance

CCAP pays for hours a child is scheduled and authorized to attend (not attended hours). This aligns with federal and state laws. Current law: a) requires providers to report on the billing form when a child's attendance drops to less than half of their scheduled hours or days for a four-week period, and b) allows DHS and local agencies to close a provider's registration for a period of up to three months when a provider violates certain policies.

When a child has a significant decrease in attendance, CCAP may reduce the child's authorization in some cases. Having a penalty if a provider fails to follow the existing attendance reporting requirements increases the likelihood that the child is authorized for care that is actually needed.

### Retroactive Eligibility

Current law allows retroactive eligibility for six months. Some families who request long periods of retroactive eligibility may not have used child care during the time requested. An informal survey of Employment Service providers and CCAP workers showed three months is enough time for a family to apply for MFIP, meet all requirements, and become eligible for CCAP. Three months also aligns with Minnesota Health Care Programs policy.

### Proposal:

These changes are intended to address program integrity concerns including administrative errors, recipient potential fraud and misuse, and provider fraud. These changes potentially impact all families receiving child care assistance and the providers caring for their children. These provisions build on program integrity changes previously passed by the Legislature. The partners needed to implement these changes include MN.IT at DHS to update MEC², the Office of Inspector General at DHS to update their investigative procedures, and local agencies to change their practices for administering CCAP.

### Enhance attendance record keeping requirements, effective 07/01/2019

Providers are currently required to keep attendance records. This proposal clarifies that:

- Creating and maintaining attendance records are conditions of payment for the Child Care Assistance Program.
- Attendance records must be accurate and legible.
- Any attendance records not produced immediately cannot be produced later (current law requires that records be provided immediately upon request).

### Billing for absent days and holidays, effective 07/01/2019

Current law allows payment for up to 25 absent days and 10 holidays per child per calendar year. This proposal clarifies that a provider's failure to bill an absent day or holiday when a child does not attend results in an overpayment.

### Method for calculating attendance record overpayments, effective 07/01/2019

Current law allows providers to be charged overpayments for violating attendance record keeping requirements but does not specify how to calculate the overpayment. This proposal:

- Simplifies the process for calculating attendance record keeping overpayments. Currently, workers assess the interaction between attendance records, CCAP rates, and payment policies to determine the overpayment amount. This proposal allows workers to subtract the maximum daily rate from the provider's payment for each day with a violation. It creates a standard method and standard consequence applied to all providers when this occurs, vs. current law which may or may not result in an overpayment.
- Reduces administrative burden for county and tribal agencies and promotes statewide consistency in how agencies calculate this type of overpayment.

### Penalty for failure to report decreases in attendance, effective 07/01/2019

Current law requires providers to report on the Billing Form when a child's attendance drops to less than half of their scheduled hours or days during a four-week period. Current law also allows DHS and local agencies to close a provider's registration for up to three months when a provider violates certain policies. This proposal allows agencies to enforce a penalty when a provider fails to meet the existing requirement to report significant decreases in a child's attendance.

### Retroactive Eligibility, effective 07/01/2019

Current law allows retroactive eligibility for six months. This proposal reduces the retroactive eligibility to three months.

### Equity and Inclusion:

In 2017, more than 66 percent of all children served by CCAP were children of color or American Indian children. Accordingly, any impact on children and families receiving child care assistance is likely to disproportionally impact children of color and American Indians.

Attendance record keeping and billing are responsibilities of the child care provider. The proposals related to attendance record keeping and billing for absent days and holidays are expected to have a limited impact on individual children and families, including children and families from communities of color.

The proposals related to retroactive eligibility and penalties for failure to report decreases in attendance may increase out-of-pocket child care costs for children and families, including children and families from communities of color. DHS will work with stakeholders to minimize the likelihood of this occurring by creating strategies to inform MFIP families and the providers who accept families without a child care authorization about the three month retroactive period limitation and work with the provider community to continue education efforts about the importance of keeping attendance records.

### IT Related Proposals:

System changes to MEC$^2$ are needed to track attendance record keeping overpayments and decrease the retroactive eligibility period for families. Costs include $233,234 in FY 2020-2021 with the state share being $128,279 for the necessary system changes.

## Results:

The provisions related to attendance records and billing for absent days and holidays encourage providers to keep more accurate records. DHS will achieve greater accountability and ensure that tax dollars are spent responsibility.

Since 2016, the OIG has completed attendance record reviews on 165 centers. Of centers reviewed, 7% had significant attendance record violations that resulted in referrals for overpayments. Overpayments may occur when records lack required components (e.g. date care was provided, child's first or last name, and/or in- and out-times) or records are missing or unavailable.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (747) | (1,353) | (2,100) | (1,394) | (1,435) | (2,829) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | (747) | (1,353) | (2,100) | (1,394) | (1,435) | (2,829) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 22 | MFIP Child Care | (854) | (1,374) | (2,228) | (1,415) | (1,456) | (2,871) |
| GF | 11 | Systems (MEC2) 55% State Share | 107 | 21 | 128 | 21 | 21 | 42 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

MN Statutes 119B

**Change Item Title: Economic Stability for Families**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 9,959 | 31,749 | 32,271 | 32,780 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 3,098 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 13.057 | 31,749 | 32.271 | 32.780 |
| **FTEs** | **0** | **0** | **0** | **0** |

**Recommendation:**

The Governor recommends $44.8 million in FY 2020-2021 and $65.1 million in FY 2022-2023 to increase the Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) cash grant by $100 per month starting February 1, 2020. Funding for this proposal will come from the General Fund.

**Rationale/Background:**

The Minnesota Family Investment Program is the state's only cash assistance program to address poverty for families with children and pregnant women. The Minnesota Family Investment Program provides income support, food benefits, and employment services to low-wage workers with children. The annual earned income limit for a family of three receiving MFIP is $26,784 per year.

The vast majority of parents turning to the Minnesota Family Investment Program and the Diversionary Work Program are low-wage workers. About half, depending on labor market conditions, are coming straight from a job. Another 30% have had jobs in the period just before applying for assistance. They are concentrated in the same four industries that account for the majority of workers using Supplemental Nutrition Assistance Program and Child Care Assistance Program benefits: hotel/restaurant, retail, temporary placement agencies and low wage health care and social services. Low-wage workers are two and a half times as likely to lose a job as higher wage workers, but only half as likely to receive unemployment insurance benefits, according to the federal Government Accountability Office.

The MFIP grant no longer provides a strong foundation for children and families to build economic well-being. Monthly cash assistance for a family of three in Minnesota is $532 – a level unchanged since 1986. Some MFIP families also receive a $110 housing assistance grant. Despite this, the number of homeless families with children has grown almost fourfold since 1986. In 1986, HUD fair market rent for a 2-bedroom apartment in the Twin Cities was $480. Today, HUD fair market rent for the same apartment is $1,151.

Children, who constitute 72% of the MFIP caseload, are often most at risk of experiencing poverty. According to the most recent five-year American Community Survey (ACS), 13.4% of Minnesotans below the age of 18, and 14.8% of Minnesotans below the age of five, were under the federal poverty level. This compares to just 7.3% of

those between the ages of 35 and 64, and just 7.2% of those over the age of 65.[1] The poverty line for a family of three is $20,784 per year.

The current cash assistance levels provided by MFIP, even when paired with the $110 housing assistance grant, are clearly no longer sufficient to provide a strong foundation for children and families to build economic well-being.

**Proposal:**

This proposal would increase the cash portion of the MFIP and DWP grant by $100 per month for each household. This would be the first time since 1986 that the basic cash assistance for families with children has been raised. In 2013, the legislature created a $110 a month MFIP housing grant for many, but not all, of the families receiving MFIP. This proposal would build on the progress made in 2013 with the housing grant by creating a cash benefit increase that applies to all MFIP and DWP participants.

DHS has convened a work group with staff from county and tribal human services agencies, local employment services agencies, Legal Services Advocacy Project, Children's Defense Fund, and Hunger Solutions Minnesota. This proposal is the top priority for the work group.

**Equity and Inclusion:**

The poverty rate for African Americans in Minnesota is more than four times higher than that for whites. The rate for American Indians is very close to four times higher than for whites. Unemployment rates for American Indian, Black, and Hispanic/Latino workers in Minnesota are 2 to 3 times the unemployment rates for White and Asian workers. Minnesota's economic disparities are reflected in the families who have to turn to MFIP in financial crisis.

- African Americans make up 27 percent of the MFIP caseload as compared to 5.8 percent of state residents.
- American Indians make up 6 percent of the caseload as compared to 1.1 percent of state residents.
- Overall, people of color and American Indians make up 62 percent of the MFIP caseload as compared to 9 percent of state residents.

In addition, women make up 81 percent of adults in MFIP households. By increasing the MFIP cash grant, we can help families of color, American Indian families, and women with children move beyond the level of deep poverty.

**IT Related Proposals:**

This proposal will require a change to the MAXIS system. The initial cost of this change is $155,123, with a state share of $85,318, and ongoing costs of $31,025, with a state share of $17,064.

**Results:**

One study found that for families with incomes less than about $18,000 the effect of an additional $1,000 on child achievement was almost double the effect for families with incomes over $18,000 (Dahl and Lochner, 2012). This proposal would increase a family's income by $1,200 a year.

The children whose families turn to MFIP during a job loss, a health crisis, family violence, homelessness or other events leave them in deep poverty would be positively impacted from a modest increase in the benefit amount. It would especially impact parents who get jobs but whose earnings are not enough to discontinue assistance. An increase to the MFIP benefit would help parents find more stable financial assistance as they

[1] United States Census Bureau, 2013-2017 American Community Survey Five-Year Estimates. https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/S1701/0100000US|0400000US27|0400000US27.05000.

build up their hours and earnings. In 2018, an average of 90,736 people received cash assistance through MFIP and DWP in 31,737 families each month. Children make up over 70 percent of the people receiving cash assistance through MFIP and DWP.

The current grant levels keep children well below the deep poverty line, which the census bureau defines as living at less than half the poverty line ($10,392 per year for a family of three).

Since 2008, the state has made incremental progress in improving benefits:

- Getting rid of the "family cap" – a law that had frozen benefits when families receiving assistance had a new baby (more than 15% of families had been affected by this policy)
- Decreasing benefits when a family included a disabled family members receiving SSI was ended in 2008. In 2015, almost 8,500 adults or children receiving SSI were in MFIP households.
- Increasing the earned income disregard which meant families with earnings were more likely to qualify to supplement those earnings with a small amount of MFIP assistance.
- Not counting up to $100 or $200 of child support received by a parent receiving MFIP assistance (affecting 18-19% of the families)
- Creating a $110 MFIP housing assistance grant that now covers about 75% of MFIP families.

This proposal would continue that momentum. Increasing the cash portion of the grant would be the first action taken since 1986 to increase benefits for all families receiving MFIP or DWP benefits. For a family of three receiving the MFIP housing assistance grant, it would put them within $124 a month of moving beyond deep poverty. If they are among the families also receiving child support payments, it could put them over the deep poverty line. This increase would create the foundation for future increments which could succeed in moving all families over that line.

**Fiscal Detail:**

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 9,959 | 31,749 | 41,708 | 32,271 | 32,780 | 65,051 |
| HCAF | | | | | | | | |
| Federal TANF | | | 3,098 | 0 | 3,098 | 0 | 0 | 0 |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 13,057 | 31,749 | 44,806 | 32,271 | 32,780 | 65,051 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 21 | MFIP/DWP | 9,386 | 30,157 | 39,543 | 30,519 | 30,941 | 61,460 |
| TANF | 21 | MFIP/DWP | 3,098 | 0 | 3,098 | 0 | 0 | 0 |
| GF | 22 | MFIP Child Care | 488 | 1,575 | 2,063 | 1,735 | 1,822 | 3,557 |
| GF | 11 | Systems (MAXIS – State Share @ 55%) | 85 | 17 | 102 | 17 | 17 | 34 |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 0 | 0 | 0 | 0 | 0 | 0 |

## Statutory Change(s):

No statutory changes are necessary to increase the MFIP grant.

**Change Item Title: Child Welfare Training Academy**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 1,643 | 2,517 | 2,754 | 3,007 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,643 | 2,517 | 2,754 | 3,007 |
| **FTEs** | **2.25** | **13** | **13** | **13** |

**Recommendation:**

The Governor recommends $4.16 million in FY 2020-21 and $5.76 million in FY 2022-23 to meet increased demand for child welfare workforce training and development and to meet expanded training required to implement the Family First Preservation Services Act of 2018 (FFPSA). This will be accomplished through the creation of a regionalized Child Welfare Training Academy and one-time funding to conduct a child welfare caseload study. Included in the Child Welfare Training Academy request are funds for 13 additional staff, phased in over two years, investments for the regional development hubs, and funds to expand a state-university partnership with the University of Minnesota to jointly administer the Training Academy. Also included in the request is $400,000 for a workload/caseload study in 2020.

**Rationale/Background:**

The Governor's Task Force on the Protection of Children made several recommendations regarding the training of child protection workers, as well as a recommendation to decrease caseloads of child protection workers to 10 to 1. In response, the 2015 Legislature appropriated $23 million to local county social service agencies to hire additional staff. However, despite the recommendations for additional training, no additional funds were appropriated for this purpose. The increase in staffing resulted in a significant increase in the demand for mandatory Child Welfare Foundation Training (CWFT). Per Minnesota Statutes § 626.559, Subd. 1a, new child protection workers are required to complete CWFT within their first six months of employment. However, the number of staff requiring new worker training has quadrupled in the last four years. Due to that increase, the waitlist for new staff to begin CWFT, which consists of 9 days of training over 3 months, grew from 2 – 6 weeks to nearly 6 months, meaning the system cannot support workers completing training within the required timeline.

If demand for CWFT continues at the current pace and no additional investments are made, the child welfare training system will be unable to provide training for experienced workers, resource (foster) care providers, and supervisors. This advanced training typically provides skill development in topics such as intake, investigations, screening, and safety-focused practice. It would also significantly impair the State's ability to provide the expanded training and support required to implement the FFPSA.

Simultaneous to the strains on the child welfare training system, Minnesota is experiencing dramatic increases in the number of children entering the child protection system. In 2014, there were around 26,000 children involved in screened-in child protection reports; in 2017, there were nearly 40,000.

The increases in children involved with child protection, and increasing work demands for each case as a result of recommendations by the Governor's Task Force on the Protection of Children, mean caseloads and workloads are

on the rise. Recent research by the University of Minnesota supports that workers in Minnesota are feeling the strains of high caseloads (Piescher, LaLiberte, and Goodenough, 2016). Higher caseloads lead to increased burn out (Thomas, Kohli, & Choi, 2014) and worker turnover (Social Work Policy Institute, 2010). Indeed, Minnesota's estimated turnover rate is close to 20 percent in the most recent year (2017), up from an estimated 5 percent turnover rate in 2013.

Worker turnover has both negative fiscal impacts and negative impacts on children's outcomes. The fiscal impact of worker turnover is estimated to cost an agency between one-third and two-thirds of a worker's annual salary due to ongoing recruitment and training costs (Social Work Policy Institute, 2010). More importantly, studies demonstrate that high worker turnover contributes to delays in timeliness of investigations, reduced frequency of worker visits with children, and a reduction in the percentage of children achieving permanency.

There are two key components to addressing the challenges faced by Minnesota's child welfare system. The first is related to caseload and workload. This is a key area of improvement recommended by the Governor's Task Force on the Protection of Children. However, there is currently little data on the number of workers or on the amount of time that the different components of work in child welfare require. The workload/caseload study will begin to address this challenge, including developing a process for the ongoing monitoring of caseloads and workloads. The second component needed is improvements to the training of the child welfare workforce.

Training is a key strategy to improve the department's ability to monitor and ensure consistency and quality of practice statewide. In addition to the fact that the current resources of the Training System are insufficient to address current workforce need for training, Minnesota's current system is centralized and relies primarily on face-to-face training, creating inefficiencies such as long travel times for both trainers and workers. The current system has a limited ability to track what trainees have learned. Further, there is no capacity to support the transfer of learning into practice through coaching and mentoring despite evidence that these strategies are the most effective means for adult learning (Brittain and Potter, 2009). Finally, the current training system has limited training that is specific to child welfare supervisors and is unable to provide supervisor training without additional investments.

## Proposal:

To address the sharp increase in child welfare caseloads as a result of an increasing number of children and families involved with child protection, and a resulting increase in worker turnover, the Department proposes investment in the Child Welfare Training System to support the creation of a Child Welfare Training Academy. The Department also proposes a study to review and recommend guidelines on caseload size for both child protection workers and supervisors. These changes are expected to:

- Inform the development of guidelines on caseload size for workers and supervisors;
- Bring the Training System into compliance with statutory timelines for new worker training;
- Improve child welfare practice through training on evidence-based practices, as well as ensure consistency and stability in practice across Minnesota; and
- Increase retention, stability and well-being in the workforce to improve outcomes for children and families.

**Training academy**

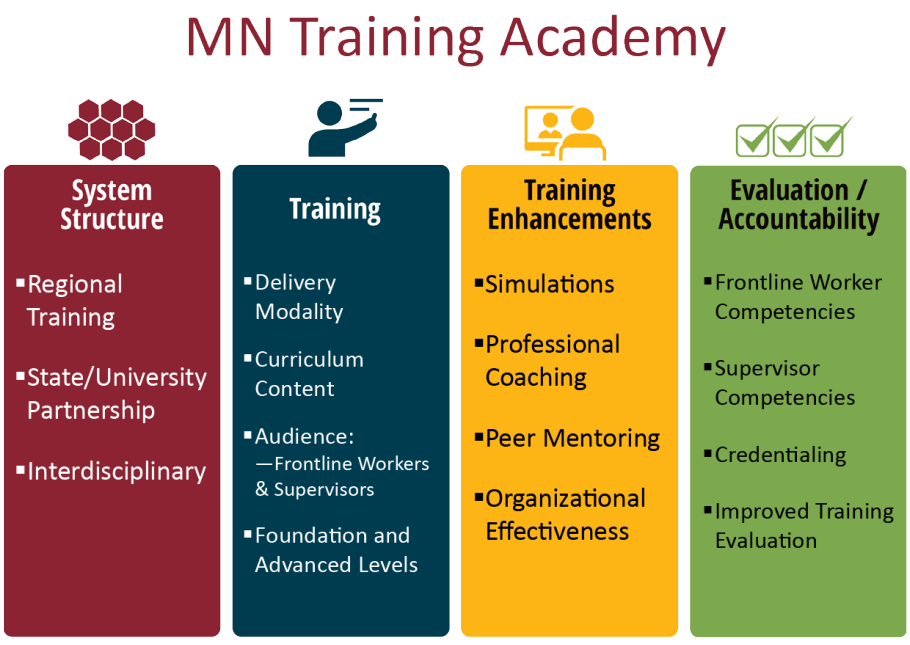
The training academy structure that is represented in this proposal lays the foundational infrastructure to implement a framework that was developed over 9 months (September 2015 – May 2016) by a multidisciplinary team of 26 experts and stakeholders from across the state. In the summer of 2016, the proposed training structure (see Figure 1) was then presented to 7 stakeholder focus groups around the state for feedback that has been incorporated into the final proposal design below. The current proposal would establish the first phase of the training academy (regionalized training, state-university partnership, simulations, credentialing) with other enhancements to be added in later phases (coaching, mentoring, organizational effectiveness, workforce well-

being). For more detail on the proposed training academy model and focus group feedback, see the 2017 Report and Recommendations for Training System Reform released by the Center for Advanced Studies in Child Welfare.

The training academy design will meet the requirement that states include in their five-year prevention plan a system that supports the child welfare workforce in order to use the funding available through the FFPSA. Additionally, the training academy design directly addresses recommendations 34, 55, 63, 65, 66, 69, 72, 73, and 91 in the Final Report and Recommendations of the bipartisan Governor's Task Force on the Protection of Children. The training academy will address the limits of the current training system, and will support both improved monitoring and consistency of practice and better retention and stability of the workforce through the following mechanisms:

1. Regionalization – the training academy would be administered through five regional training hubs. This will ensure timely access to adequate training facilities throughout the state and result in an overall reduction in the per trainer expenditures for travel and lodging. More importantly, regionalization allows training to be targeted to the needs of each region, taking into account varying demographics, resources, and practice outcomes. This was a top priority cited by county and tribal child welfare agencies.
2. Training methods – the training academy would include a coach-like approach to help apply classroom learning and assess worker competency. Most of the formal training content would be delivered via online classes to save worker time and keep them in the field as much as possible. Classroom time would focus on implementing evidence-based practices through skill development and application of new content, using simulated practice whenever possible.
3. Certification – a competency-based certification using Minnesota's child welfare practice model will require all new child welfare workers to complete a competency-based knowledge test as well as a skills demonstration. Annually, workers will have to document the completion of ongoing training requirements and pass the appropriate knowledge test and skills demonstration for each professional development activity to certify competency.

***Figure 1. Components of Child Welfare Training Academy***




Infographic developed by the Center for Advanced Studies in Child Welfare (CASCW) 2018.

The training academy will require regionalized staffing, a shift of several major training functions (e.g. curriculum development, evaluation, trainer support) to the university partner, and greater focus on child welfare worker competency in safety-focused practice knowledge and skills based on Minnesota's Child Welfare Practice

Framework. This strategy is designed with a four-year phased implementation of the training academy with infrastructure and initial staffing implementation proposed to start July 1, 2019. Particular attention will be given to strategies to address consistency of practice skills impacting child safety and prevention of removal. The training academy will use evidenced-based training strategies to ensure safety-focused skill development and application in realistic practice settings, and certification to ensure rigorous evaluation of worker readiness to practice competently.

There are currently 20 staff employed in Minnesota's child welfare training system. For comparison, other states that are comparable in geographic size, children served, and workforce employ 2 to 4 times as many staff. It is estimated that the department would need another 13 training staff to implement and maintain the initial phase of the proposed training academy.

- Colorado = 41 FTEs
- Washington = 45 FTEs
- Pennsylvania = 100 FTEs

The framework of the training academy is based on the expansion of a joint powers agreement with the University of Minnesota to collaborate in the administration of workforce training. Many other states have used this model successfully to leverage the strengths of the university partner in the design of curriculum, delivery of training to adult learners, and robust research methodologies. The local child welfare agencies, including 74 individual counties, four county partnerships, and two tribal initiatives that administer child welfare in Minnesota, are critical partners in this proposal.

**Caseload/workload study**

This proposal would also provide $400,000 in one-time funding for a study of the child welfare workforce to measure both caseloads and workloads as there is currently no reliable method to measure in Minnesota given the data available on the workforce. The study will review and recommend a sustainable method for ongoing measurement of workload, appropriate caseload sizes, funding needed to meet those caseload sizes, and how funds should be distributed to promote consistent practice across the state. The Governor's Task Force on the Protection of Children recommended a caseload ratio of 10:1 for child protection workers and a staffing ratio of 8:1 for supervisors.

**Breakdown Training Academy Investments**

Training academy costs are eligible for federal Title IV-E reimbursement that is estimated at 42.78%. The federal funds are retained under Minnesota Statutes, § 626.559, subdivision 5. Federal Title IV-E reimbursement earned through this proposal will be reinvested in the training academy budget to reduce financial impact to the state.

The current 20 department training system staff would be redeployed into new roles within the new training academy model. New staff positions will phased in over time: 3 positions in FY 2020, and a total of 13 positions by FY 2023. These new positions are required to staff the regionalized model and ensure consistent content and delivery across regions.

Primary expenditures for the proposed additions to the training academy budget include:

- $1.3 million Staffing (13 FTEs)
- $364,000 Consulting contracts (RFP to third party for curriculum development/consultation and learning management system development/maintenance)
- $1 million Operating expenses (technology support, networking support, software licenses, space rental, printing, employee development, trainer supplies, equipment, repairs to equipment, in state travel)
- $2.6 million University partnership (additional staffing, contract management, curriculum development, evaluation, educational technology)

The above costs above are based on the 2023 budget when the training academy is fully operational. They are calculated prior to federal reimbursement. The state share is 57.26% or $3 million.

The workforce study on caseload and workload accounts for $400,000 of the FY 2020 request. This work will be subcontracted to an external evaluator through a competitive RFP process.

### Equity and Inclusion:

All groups served by child protection will be impacted by the changes contained in this proposal. Populations served by child protection include all racial and ethnic groups in Minnesota, people with disabilities, and lesbian, gay, bisexual and transgender groups. Currently, African American and American Indian children are disproportionately served by the child welfare system, as are children with disabilities. There are also disparate outcomes for African American children and American Indian children for many measures being targeted by this proposal. In order to address these disparities, the proposed child welfare training academy will develop training that challenges workers to consider both implicit and explicit bias in their work. A portion of the budget for the training academy is specifically designated for consultation with cultural/community stakeholders and to design professional development experiences to address disparities and increase culturally responsive practice.

### IT Related Proposals:

Not applicable.

### Results:

Immediate results will include a decrease in waitlists for new worker training so that new workers can receive the required training within the statutorily-required timelines. Additionally, it is expected that this investment will decrease worker turnover and burnout, with a goal of reaching the previous 2013 rate of 5 percent turnover within two years of full implementation. The proposal also includes the development of a competency-based evaluation, as measured by knowledge and skills testing, which will allow the state to ensure adherence to Minnesota's established competencies regarding child welfare work with children and families. This investment in Minnesota's child welfare workforce is expected to impact areas of significant need in Minnesota, including improved timeliness of investigations, monthly caseworker visits for children, and permanency timelines.

### Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 1,643 | 2,517 | 4,160 | 2,754 | 3,007 | 5,761 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 1,643 | 2,517 | 4,160 | 2,754 | 3,007 | 5,761 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 12 | State Share CWTA @ 57.26% | 1,371 | 2,517 | 3,888 | 2,754 | 3,007 | 5,761 |
| GF | 12 | Caseload Study P/T Contract | 400 | 0 | 400 | 0 | 0 | 0 |
| GF | Rev1 | Caseload Study FFP@32% | (128) | 0 | (128) | 0 | 0 | 0 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 12 | Children & Family Services | 2.25 | 13 | | 13 | 13 | |

### Statutory Change(s):

Minnesota Statutes §626.559, subd. 1.

**Change Item Title: Tribal Child Welfare Initiative Expansion**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 5,558 | 9,796 | 12,644 | 12,359 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 5,558 | 9,796 | 12,644 | 12,359 |
| **FTEs** | **1.5** | **2** | **2** | **2** |

**Recommendation:**

The Governor recommends investing $15.4 million in FY 2020-21 and $25 million in FY 2022-23 for increased support to and expansion of the American Indian Child Welfare Initiative (Initiative) projects to strengthen tribal delivery of child welfare and child abuse prevention services to American Indian children and families. Currently, the General Fund appropriation for the Initiative is $4.8 million annually and this proposal represents a 206% change to state funding for the Initiative over four years. The child welfare and abuse prevention grants for tribal delivery of these services is $100,000 annually and the proposal investment represents a 26-fold increase in the child welfare and abuse prevention grants to support tribal delivery of these services over four years.

**Rationale/Background:**

When compared to white children, American Indian children experience a higher rate of involvement in the child welfare system. Despite efforts to reduce disparities, the problem continues. According to 2017 child welfare data, American Indian children:

- Have the highest rates of contact with Minnesota's child protection system.
- Are five times more likely to be reported as abused or neglected than white children.
- Are 18.5 times more likely to be placed in foster care than white children.

Recent data from Minnesota health care programs show American Indian infants and women are being impacted at alarming rates for neonatal exposure and dependency on opiates:

- American Indian infants are 7.4 times more likely to be born with Neonatal Abstinence Syndrome, as a result of exposure to addictive illegal or prescription drugs during pregnancy, than non-Hispanic white children.
- American Indian women are 8.7 times more likely to be diagnosed with maternal opiate dependency or abuse during pregnancy than non-Hispanic white women.
- Eighty percent of opiate-affected children born in Minnesota are Medicaid recipients.

The American Indian Child Welfare Initiative received legislative approval in 2005 and the first two Initiative programs with Leech Lake Band of Ojibwe and White Earth Nation became operational in 2008. The Leech Lake Band of Ojibwe and White Earth Nation are still the only Initiative tribes in Minnesota. Initiative tribes have built and sustained a full continuum of child welfare services, transferring statutory child welfare responsibilities from county to tribal governments for Initiative-eligible children (Minn. Stat. 256.01, subd.14b). Services include child abuse prevention, family preservation, a 24/7 child protection response system (intake and assessment), and foster care and permanency for families including reunification, transfer of custody, and customary adoptions. These tribal programs significantly expanded the services they offer by utilizing traditional and cultural values.

Families within these communities are benefiting from having services close to home and services offered by workers who have a unique understanding of American Indian families, history, and child rearing.

The initiative grants have not increased since they were implemented and both Leech Lake and White Earth have had to increasingly rely on tribal dollars to fund their Initiative programs. Partially as a result of the aforementioned opioid epidemic disproportionately impacting American Indian infants and women, the costs for the Initiative programs to Leech Lake and White Earth have grown substantially over recent years.

In addition to Leech Lake and White Earth, both the Mille Lacs Band of Ojibwe and Red Lake Nation seek to become Initiative tribes and have engaged in initial planning to take over child welfare services for Initiative-eligible children and their families. This proposal seeks (1) to continue to support Mille Lacs Band of Ojibwe in their planning for Initiative implementation; (2) to expand the Initiative to Red Lake Nation; and (3) to provide funding for early intervention services to tribes and tribal communities. This proposal supports tribal sovereignty by building tribal capacity to serve American Indian families in a way that is both culturally-relevant and more effective.

## Proposal:

This proposal has three key interventions to improve child welfare services to American Indian children and families and to prevent American Indian families from entering the child welfare system.

***Increased support for the Leech Lake Band of Ojibwe and White Earth Nation***

This proposal will provide the Leech Lake Band of Ojibwe and White Earth Nation additional state funding to help cover more of the costs of out-of-home placement for Initiative-eligible children on the White Earth and Leech Lake reservations and provide funding for staff to adequaltely operate the initiatives. The current annual Initiative allocation is $2.4 million for Leech Lake Band of Ojibwe and $2.4 million for White Earth Nation. The allocation for each tribe was based on data from 2003 and has not increased since 2005 while operating costs, cost of living, and out-of-home placements have substantially increased for both tribes since then.

Investments made in support of a tribal child welfare delivery system mean that when American Indian children need to enter foster care, they are placed with people they know and trust. Their families receive culturally specific services, which are shown to produce improved outcomes and save counties money.

The proposal allocates new state general funds to the tribes as follows:

- Leech Lake Band of Ojibwe: $1,600,000 operations (on-going)
- White Earth Nation: $1,600,000 operations (on-going)

***Expansion of the Initiative for Mille Lacs Band of Ojibwe and the Red Lake Nation***

The proposed funding is to prepare for the transfer of child welfare cases for American Indian children who are eligible from Aitkin, Crow Wing, Kanabec, Mille Lacs, Morrison and Pine counties to Mille Lacs Band of Ojibwe, and for the transfer of child welfare cases for American Indian children who are eligible from Beltrami and Clearwater counties to Red Lake Nation.

Funding is provided for two years of planning for Mille Lacs Band of Ojibwe and eighteen months of capacity building for the Red Lake Nation to prepare for participation in the Initiative. The tribes are at different places in the planning process with Red Lake being ready to proceed sooner. The tribes will work closely with the Minnesota Department of Human Services (DHS) to define the scope of the program, conduct analysis of complex legal, program and financial issues, find mutually agreed upon solutions, and to assess and identify areas for capacity building.

Funding is also provided so that beginning January 1, 2021, Red Lake will transfer child welfare responsibilities from counties, providing a full continuum of services including family preservation, early intervention and out-of-

home care. Red Lake will hire and train a full complement of child welfare staff including intake workers, child protection workers, Title IV-E coordinators, and supervisors.

The Red Lake Nation has already been working in partnership with Beltrami County to plan for the transfer of cases to the tribe, which will include the tribe directly paying for the costs of foster care. Beltrami County receives $3 million annually, under section 477A.03 subdivision 2b, in state aid for out of home placement costs through 2024. For aids payable in 2020 through 2024, this state aid will go directly to Red Lake Nation once the tribe has assumed financial responsibility for out of home placement costs under the out-of-home placement reimbursement program under section 477A.0126. The proposal costs have been adjusted for the anticipated receipt of state aids by Red Lake Nation.

The proposal allocates new state general funds to the tribes as follows:

- Mille Lacs Band of Ojibwe
  - $400,000 (year one - planning)
  - $400,000 (year two – planning)
- Red Lake Nation:
  - $892,000 (year one – capacity building)
  - $5,470,000 (year two – capacity building/implementation)
  - $8,218,000 (year three – operation)
  - $7,933,000 (year four – operation)

The department anticipates that expansion of the Initiative will:

- Build new working partnerships and governance arrangements with counties and tribes to improve client services;
- Decrease the disproportionate number of American Indians in out-of-home placement; and
- Improve child safety, permanency and well-being outcomes for American Indian children.

***Establish American Indian Family Early Intervention Program***

The American Indian Family Early Intervention Program (Early Intervention) intends to serve approximately 400 American Indian families in FY 20-21 and 900 families in FY22 and FY23. Indian families living on tribal reservations and in urban areas in Minnesota will have access to culturally appropriate early intervention services and resources to assist them in addressing issues that place them at risk of entering Minnesota's child protection system.

The American Indian Family Early Intervention Program will be modeled after the Parent Support Outreach Program. Through culturally specific early intervention, outreach and support services to American Indian families, child maltreatment will be prevented, and the number of American Indian children entering Minnesota's child welfare system will be reduced.

In support of the three key interventions outlined above, the proposal includes funding for DHS to hire two full-time staff to provide extensive technical assistance to the tribes. It is critical to the Initiative that these staff work across programs and information systems within the department and with MN.IT, as well as coordinating work with the two tribes. These staff positions will:

- Take a lead role in facilitating the coordination and collaboration among the tribes and counties;
- Work with tribal programs to identify areas for capacity building;
- Collaborate with the tribes to achieve mutual understanding of the complex legal, program and financial issues involved in the transfer of child welfare cases from counties to the tribes;
- Provide critical systems support to tribes in order to maximize their billing capacity for Title IV-E and Child Welfare Targeted Case Management; and
- Oversee and manage the Initiative contracts.

The department will work with tribes to review and assess the unique needs of the tribe to deliver services under Tribal Child Welfare Initiative. This will involve examining out-of-home placement costs, and administrative needs. The administrative review will include personnel, non-personnel, infrastructure and information systems needs of the tribes in order to operate Child Welfare programs. DHS will review the information and work with the tribes to address identified needs in the future.

Other department staff will support the transition by providing subject matter expertise in many areas of the child welfare system, including Title IV-E, foster care, adoption, Northstar Care for Children, child welfare training, federal relations, health care, child support and contracts.

### Equity and Inclusion:

The American Indian Child Welfare Initiative has had a direct impact on reducing the number of American Indian children placed by the Leech Lake Band of Ojibwe and White Earth Nation. We anticipate similar results by expanding the Initiative to the Mille Lacs Band of Ojibwe and Red Lake Nation. It is expected that Early Intervention will help reduce the disproportionate number of American Indian children in Minnesota's child welfare system. Funding for tribes to intervene before a child is removed will provide resources to Indian families to prevent child abuse and keep families together.

### IT Related Proposals:

This proposal requires modification to the Social Service Information System and includes a MN.IT cost of $755,038 (with a state share of $453,022) to implement the changes.

### Results of Tribal Child Welfare Expansion:

Expansion of the Initiative is expected to allow Mille Lacs Band of Ojibwe and Red Lake Nation to meet or exceed federal and state child welfare performance measures.

The Initiative tribes have produced a number of positive results on both federal and state performance measures. In 2017, the White Earth Nation exceeded statewide performance on maltreatment recurrence, 24 month permanency, maltreatment in foster care, and foster care re-entry. When compared to American Indian children across the state, they also experienced lower rates of maltreatment re-reporting and 12-23 month permanency. Leech Lake Band of Ojibwe exceeded performance on maltreatment recurrence, maltreatment in foster care, family investigation 5-day response, and maltreatment re-reporting.

**Maltreatment Recurrence** – Of all children who enter foster care in the year, what percent are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months of entering foster care?

| | |
|---|---|
| Federal Standard | 9.1% or less |
| Statewide Performance | 9% |
| White Earth Performance | 0% (exceeds statewide and federal standard) |
| Leech Lake Performance | 0% (exceeds statewide and federal standard) |

**Maltreatment in Foster Care** – Of all children in foster care during the year, how many children had a maltreatment determination while in care per 100,000 days spent in foster care?

| | |
|---|---|
| Federal Standard | 8.5 victimizations or less per 100,000 days in care |
| Statewide Performance | 9.0 victimizations |
| White Earth Performance | 2.5 victimizations (exceeds statewide and federal standard) |
| Leech Lake Performance | 0 victimizations (exceeds statewide and federal standard) |

**Foster Care Reentry** – Of all children who enter foster care two years prior to the reporting year who were discharged within 12 months to reunification, living with a relative, or guardianship, what percent re-enter foster care within 12 months of the discharge date associated with the entry episode?

| | |
|---|---|
| Federal Standard | 8.3% or less |
| Statewide Performance | 17.3% |
| White Earth Performance | 15.8% (exceeds statewide standard) |

**Permanency 12-23 Months** – Of all children in foster who had been in foster care between 12 and 23 months on the first day of the year, what percent discharged from foster care to permanency within 12 months of the first day of the year?Tr

| | |
|---|---|
| Federal Standard | 43.6% or greater |
| Statewide Performance | 51.2% |
| White Earth Performance | 51.4% (exceeds federal standard) |

**Permanency 24 Months** – Of all children in foster care who had been in foster care for 24 months or more on the first day of the year, what percent discharged to permanency within 12 months of the first day of the year?

| | |
|---|---|
| Federal Standard | 30.3% or greater |
| Statewide Performance | 28.8% |
| White Earth Performance | 41.4% (exceeds statewide and federal standard) |

**Placement Stability** – Of all children who enter foster care in the year, what is the number of placement moves per 1,000 days spent in foster care?

| | |
|---|---|
| Federal Standard | 4.12 moves or less per 1,000 days in care |
| Statewide Performance | 3.8 moves |
| Leech Lake Performance | 4.1 moves (exceeds federal standard) |

### Results of American Indian Family Early Intervention Program:

Data from the Parent Support Outreach Program indicates the following:

- Family improvements occurred most often in:
  - Household Relationships/Domestic Violence (85.7 percent)
  - Alcohol and Other Drug Use (75 percent)
  - Family Relationships (71.4 percent)
  - Social Support Systems (66.7 percent)

Program evaluation will be conducted by an outside research agency. Because the new program is based on the Parent Support Outreach Program, it is anticipated culturally specific programming for American Indian families will show further improvements to reduce disparities for American Indian children in Minnesota's child welfare system.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 5,558 | 9,796 | 15,354 | 12,644 | 12,359 | 25,003 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 5,558 | 9,796 | 15,354 | 12,644 | 12,359 | 25,003 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY23** | **FY 22-23** |
| GF | 45 | Red Lake Nation Child Welfare Initiative Implementation | 892 | 5,470 | 6,362 | 8,218 | 7,933 | 16,151 |
| GF | 45 | Mille Lacs Band of Ojibwe Child Welfare Initative Planning | 400 | 400 | 800 | 0 | 0 | 0 |
| GF | 45 | Leech Lake Band of Ojibwe Child Welfare Initiative Support | 1,600 | 1,600 | 3,200 | 1,600 | 1,600 | 3,200 |
| | | White Earth Nation Child Welfare Initiative Support | 1,600 | 1,600 | 3,200 | 1,600 | 1,600 | 3,200 |
| GF | 45 | Early Intervention | 400 | 400 | 800 | 900 | 900 | 1,800 |
| GF | 11 | Systems (SSIS) State share @ 60% | 453 | 91 | 544 | 91 | 91 | 182 |
| GF | 12 | P/T Contract - Early Intervention Evaluation | 100 | 100 | 200 | 100 | 100 | 200 |
| GF | 12 | Children & Family Services Staff (2 FTE's) | 213 | 246 | 459 | 246 | 246 | 492 |
| GF | REV1 | FFP @ 32% | (100) | (111) | (211) | (111) | (111) | (222) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY23** | **FY 22-23** |
| GF | 12 | Children and Family Services | 1.5 | 2 | | 2 | 2 | |

## Statutory Change(s):

Minnesota Statutes § 256.01, subd, 2 (7).

**Change Item Title: Family First Prevention Services Act Implementation**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 1,128 | 784 | 711 | 711 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 605 | 605 | 128 | 128 |
| Revenues | (605) | (605) | (128) | (128) |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,128 | 784 | 711 | 711 |
| | **5.75** | **8** | **7** | **7** |

## Recommendation:

The Governor recommends investing $1.9 million in FY 2020-21 and $1.4 million in FY 2022-23 for the infrastructure needed to implement new federal child welfare requirements of the Family First Prevention Services Act (FFPSA). The purpose of the FFPSA is to provide enhanced support to children and families and prevent foster care placements through the provision of evidence-based mental health and substance abuse prevention and treatment services, in-home parent skill-based programs, and kinship navigator services. The FFPSA also places stricter standards on congregate foster care settings and requires additional background studies for staff working in those settings. This proposal prepares the state for the opportunities and mitigates the risks of the Act by looking at ways to invest in upstream services and decreasing the risks in the future, including disruptions to children and families. In 2017, Minnesota had 16,593 children who experienced out-of-home care.

The infrastructure created by this proposal should result in more children being served with their families or kin prior to a potential removal from the home and placement in a foster care setting as well as moving more children from congregate foster care settings to more family-like settings. The FFPSA is complex, and the federal administering agency has not issued complete guidance for implementation. This budget page reflects current understanding of the law.

The recommendations in this budget proposal are organized into the following categories:

- Requirements that must be addressed during the 2019 session because the implementation date is prior to the end of the 2020 session; and
- Requirements that must be addressed during the 2019 session to allow time for adequate preparation for future compliance and for appropriate services to children and families.

The costs in this proposal reflect infrastructure needs. The Minnesota Department of Human Services is not yet able to present the additional costs for direct services under the FFPSA. The non-federal share of service expansion for FFPSA-allowed activities will need to be addressed by future legislatures as additional federal guidance is issued and state analyses are completed.

Currently, the general fund appropriation for state child welfare services administration is $4.3 million. This proposal represents a 48% change to state funding for the biennium.

## Rationale/Background:

The FFPSA permits optional prevention funding under title IV-E, the foster care and adoption assistance provision of the Social Security Act, for the delivery of evidence-based prevention practices, but only if title IV-E payment

limits are applied on placements that are not family foster homes. Federal payments will be limited to two weeks for eligible children placed in settings that are not family foster homes.

States may delay the effective date for up to two years for restrictions on the Federal Financial Participation (FFP) for children placed in settings that are not family foster homes; however, they will not be eligible for FFP for evidence-based prevention services until that delayed effective date. When Minnesota fully adopts the FFPSA, the state will no longer be eligible to receive federal reimbursement for the costs of children's placements in some types of group foster care settings that can currently be reimbursed. The Minnesota Department of Human Services has indicated a non-binding intent to delay the opt-in provisions for up to two years (until September 29, 2021) in order to better analyze the impacts and work closely with our county and tribal partners to transition to the new requirements as further federal guidance is provided.

## Proposal:

To conform to the new federal law, the Minnesota Department of Human Services is requesting the following:

A. Requirements that must be addressed during the 2019 session because the implementation date is prior to the end of the 2020 session:
   1. The state is required to complete background studies for any adult working in a children's residential facility. Each study will include fingerprint-based FBI checks and a name-based maltreatment check in any state where the person has lived in the last five years. The enhanced studies were required by September 2018. Minnesota is under a program improvement plan (PIP) that outlines the steps needed to come into compliance, including the Legislature approving these enhanced studies by July 1, 2019. This proposal creates a fee of $51 per study to pay for the work associated with conducting enhanced checks. These fees are deposited into a special revenue fund and used to pay for staff time and criminal check fees.
   2. The state was required to allow title IV-E foster care room and board payments for children co-located with their parent in a licensed residential family-based substance use disorder treatment facility by September 30, 2018. While the Minnesota Department of Human Services issued a bulletin by this date, it will need to amend statute to make this requirement clearer for social service agencies and courts to administer.
   3. The state is required to document proof of foster care for youth aging out of foster care. This was required by August 9, 2018. A bulletin was published to bring the state into compliance with this requirement. Statutory language is needed for improved compliance.

B. Requirements that must be addressed during the 2019 session, to allow time for adequate preparation for future compliance and for appropriate services to children and families:
   1. The state must conform licensing statutes to reflect allowable reasons that a family foster home can exceed the maximum number of foster children (6). While a two-year delay is permitted—the implementation date must be no later than September 29, 2021—it is necessary to implement this requirement in the 2019 legislative session.
   2. Three Family First Prevention Services policy positions are necessary to develop and expand the evidence-based prevention services array that meet Title IV-E requirements and creates linkages to Medical Assistance/MCO contracts for service payments. Two positions will focus on culturally appropriate prevention and early intervention services for American Indian families and for African American families. One FTE will focus on linking to Health Care – Medical Assistance/Managed Care Organization contracts for access and reimbursement to a full array of mental health and substance abuse placement prevention services. (3 FTEs)
   3. Two full-time positions are necessary to lead development of residential facility requirements and to develop policy regarding assessment standards for residential services in coordination with the Behavioral Health Division. (2 FTE)
   4. One foster care policy position is necessary to develop and maintain a statewide kinship navigator program information to assist kinship caregivers in learning about finding and using programs and services to meet the needs of children they are raising and to develop reunification policy consistent with the FFPSA. (1 FTE)

5. One fiscal operations position is necessary to develop and manage title IV-E claiming and federal reporting changes for Foster Care, Adoption Assistance, Guardianship Assistance, Prevention Services, and Kinship Navigator Program. (1 FTE)
6. One Licensing Division position is necessary to ensure that the impact on the regulatory part of the Minnesota Department of Human Services is fully considered and incorporated into the analysis of and planning for implementation of these significant policy changes. FTE would be a temporary unclassified position in FY20 and FY21. (1 FTE)

Federal title IV-E child welfare revenues to Minnesota currently total $114 million annually. Title IV-E covers foster care, adoption assistance, guardianship assistance, administration, training, and automated systems. Eligible service payments are matched at 50%. Administration and systems are matched at 50% of eligible costs and training is matched at 75%. The state pays the non-federal share of some of these activities and the counties pay the non-federal share of others. For some programs, the state and county split the non-federal share. FFPSA prevention services and administration is matched at 50%.

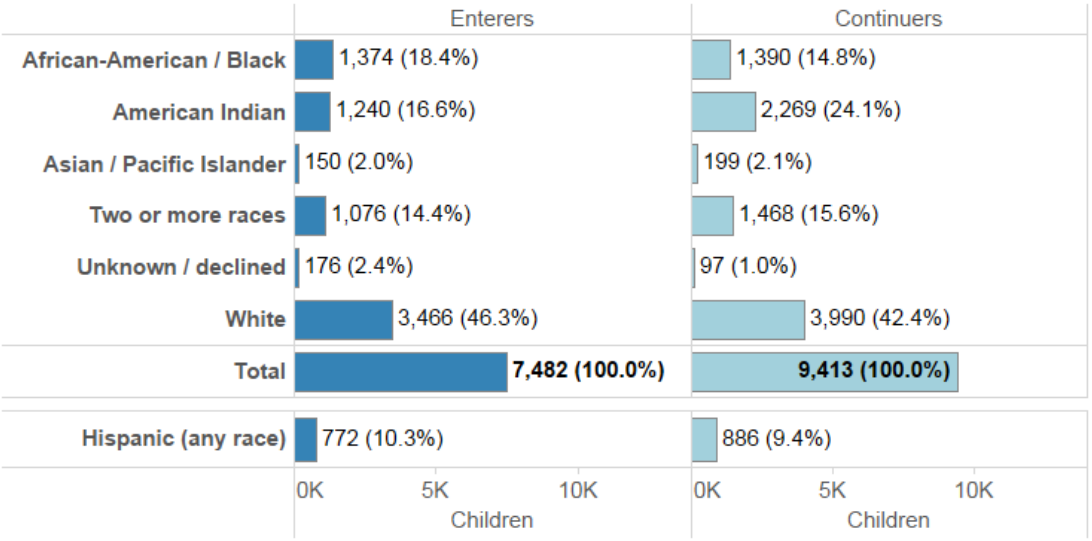
Non-compliance with the new requirements will jeopardize Minnesota's IV-E claims by making certain activities ineligible, such as residential placements that do not meet the new more restrictive standards and losing IV-E completely if basic safety standards, such as background checks, are not carried out per the new requirements. In 2017, almost $18 million was spent on children for residential treatment/congregate care placements. Federal reimbursement for these expenditures was approximately $7 million. 3,073 children were served with these funds. A very limited number of the programs receiving these funds would continue to be eligible based on the specific populations they serve. All other programs would need to meet the QRTP standards. Because we do not currently collect data on all of the Qualified Residential Treatment Program (QRTP) standards, such as which programs are accredited and which are providing 24/7 medical care, we cannot assess which programs would likely meet them. Lost reimbursement that does result from a lack of alignment with QRTP standards would primarily fall on county budgets.

### Equity and Inclusion:

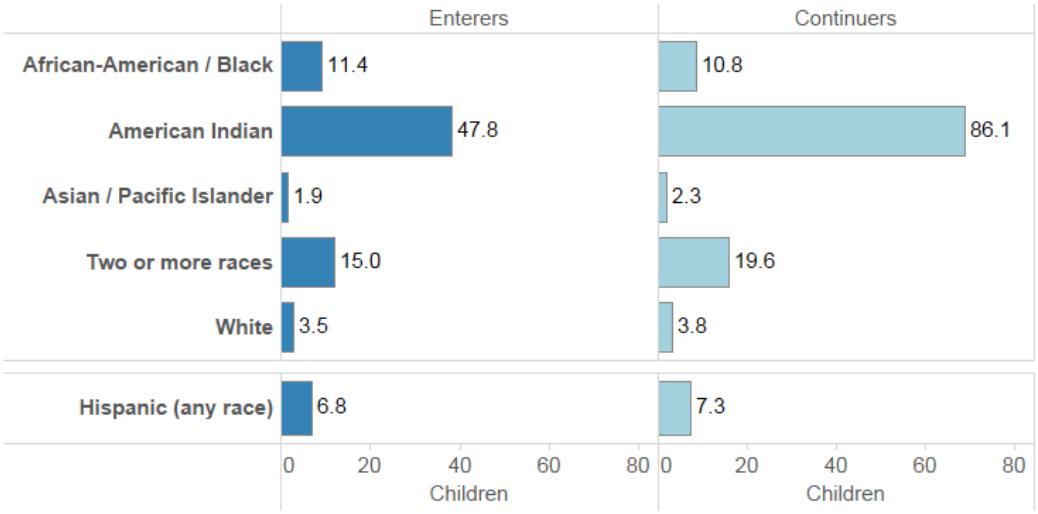
Disproportionality among children experiencing out-of-home care remains an ongoing challenge for the Minnesota child welfare system, paralleling opportunity gaps experienced by children and families of color and American Indian children and families across the state.

- White children remain the largest group, both entering and continuing in care in 2017, accounting for 46.3 percent of enterers and 42.4 percent of continuers.
- African-American/Black children comprised the second largest number and percent of enterers, at 18.4 percent and American Indian children comprised the second largest group of continuers, at 24.1 percent.
- American Indian children were 18.5 times more likely, African-American children were more than 3 times more likely, and those identified as two or more races were 4.8 times more likely than white children to experience care, based on Minnesota population estimates from 2016 (rates of entry per 1,000 children in the population by race).

**Number and percentage by race/ethnicity of children in care in 2017**




**Rate per 1,000 for children in care in 2017**




This proposal should result in more children, including children of color and American Indian children, being served with their families or kin prior to a potential removal from the home and placement in foster care.

## IT Related Proposals:

Implementing the FFPSA will have significant impacts on the Social Service Information System (SSIS). This proposal includes initial work for complying with requirements in the FFPSA. The initial analysis and changes to SSIS for FFPSA provisions is $948,000, with a state share of $569,000. These costs do not include costs associated with any prevention programs that may result for the FFPSA development work.

## Results:

Implementing the FFPSA requirements should result in increased placements with relatives, increase the ability of relatives to care for children, and ensure families are able to provide the necessary supports for children who are candidates for being at imminent risk of entering foster care but who can safely remain in the child's home or in a kinship placement as long as services or programs that are necessary to prevent the entry of the child into foster care are provided. Efforts to support children and their families at risk of out-of-home placement should reduce

the actual number and length of placements and the resulting costs associated with placements. Interim measures to reach this long term outcome of reducing the number of children in care, and in congregate care settings in particular, are to ensure that the appropriate services are available for eligible children.

For a first interim measure, the Minnesota Department of Human Services has partnered with MMB to create a survey tool to begin mapping the available service array for eligible evidenced-based services for the FFPSA. This tool will support the prevention positions in identifying where there are gaps in service availability and where additional resources are necessary.

The public Minnesota child welfare data dashboard can be found at https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/child-protection-foster-care-adoption/child-welfare-data-dashboard/ for the current status of existing child welfare measures, including data by race/ethnicity and by age of child. In addition, data is and will continue to be maintained on the number of allegations and substantiations of child maltreatment, as well as out-of-home placements of children, by race/ethnicity. Recent reports on child maltreatment can be found at https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408J-ENG and on out-of-home care and permanency at https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5408Ja-ENG.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | $1,128 | $784 | $1,912 | $711 | $711 | $1,422 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund: Special Revenue | | | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total All Funds** | | | $1,128 | $784 | $1,912 | $711 | $711 | $1,422 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 12 | Children & Families (Child Safety&Perm) 6 Position hired throughout 2020 | $644 | $760 | $1,404 | $760 | $760 | $1,520 |
| GF | 11 | Systems (SSIS) 60% Share State All Other | $569 | $109 | $678 | $109 | $109 | $218 |
| GF | 11 | Operations (Financial Operations) | $76 | $126 | $202 | $126 | $126 | $252 |
| GF | 11 | Operations (Licensing) | $102 | $106 | $208 | $0 | $0 | $0 |
| GF | Rev1 | FFP @ 32% | ($263) | ($317) | ($580) | ($284) | ($284) | ($568) |
| SR | EXP | Special Revenue: Operations (Background Studies) Expenditures | $605 | $605 | $1,210 | $128 | $128 | $256 |
| SR | REV | Special Revenue: Operations (Background Studies) Revenues: Fees | ($605) | ($605) | ($1,210) | ($128) | ($128) | ($256) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 12 | Children & Families (Child Safety&Perm) 6 positions (October 2019 start) | 4.5 | 6 | | 6 | 6 | |
| GF | 11 | Operation (Financial Operations) 1 positions (January 2020 start) | .5 | 1 | | 1 | 1 | |
| GF | 11 | Operations (Licensing) 1,1,0,0 position | .75 | 1 | | | | |

**Statutory Change(s):** Minnesota Statutes, Section 245A, 245C and 260C will require changes.

**Change Item Title: Closing Gaps in Health Care Coverage for Children in Foster Care**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 363 | 850 | 918 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 363 | 850 | 918 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

Effective January 1, 2021, the Governor recommends extending automatic Medical Assistance eligibility to children who receive state-funded Northstar Foster Care and Kinship Care in Minnesota in order to provide equitable access to health care coverage for all children in foster care.

### Rationale/Background:

Title IV-E of the Social Security Act grants automatic Medicaid eligibility to children who qualify for Title IV-E foster care or kinship care without consideration of financial and nonfinancial eligibility requirements while receiving foster care or kinship care. To qualify for Title IV-E, a child's removal home must have gross income within limits that are lower than 60 percent of the federal poverty guidelines.

In Minnesota, only 44 percent1 of children in foster care and 31 percent of children receiving kinship care qualify for Title IV-E funding. The number of Title IV-E–eligible children, both in Minnesota and nationwide, is expected to continue to decrease over time because financial eligibility is tied to historic income limits that were established in 1986 and that do not index for inflation or cost of living.

Most children who receive non-IV-E foster care or kinship care qualify for Medical Assistance as low-income children. However, under Medical Assistance rules for low-income children, they must comply with all administrative requirements, which include submitting an application form, providing verification of income, citizenship or immigration status and completing annual renewals.

As a result, some children experience delayed enrollment or gaps in coverage when paperwork is late, pending or not submitted. Although county social workers and case managers help foster and kinship families and children with enrollment in public assistance benefits, health care is sometimes overlooked or verifications not submitted timely. Additionally, social workers and case managers must coordinate with county eligibility workers to open health care coverage. The communication process creates delays in eligibility and the potential for errors. Vulnerable foster and kinship care children who may be in need of physical and mental health services sometimes

[1] Minnesota Department of Human Services, Fiscal Reporting and Accounting, Title IV-E Ratios – Child Count Details, 07/25/2018
http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Fiscal_Reporting#titleiv.

go without immediate access to health care coverage, which puts the child's health at risk and is burdensome for foster families.

## Proposal:

This proposal extends automatic Medical Assistance to children who receive foster care and kinship care assistance, but who are ineligible for federal IV-E funded assistance. This proposal would align Medical Assistance eligibility for children who receive Northstar Foster Care and Kinship Assistance with that for children who receive Northstar Adoption Assistance.

By extending automatic Medical Assistance eligibility to children in foster care and kinship care who do not qualify for IV-E funding, this proposal removes systemic barriers to health care. This would simplify the health care enrollment process as these children would not be required to complete a health care application, renewals or provide verifications. They would qualify for Medical Assistance based on receiving foster care or kinship care benefits.

Because most children who receive non-IV-E foster care and kinship care in Minnesota are already eligible for Medical Assistance, this proposal is not expected to increase enrollment significantly. However, it will simplify the enrollment process by eliminating any administrative delays or gaps. Aligning health care eligibility for all Northstar children reduces barriers and ensures streamlined access to coverage for all Minnesota children in out-of-home placements. It also reduces county agency administrative burdens, saving administrative time and associated costs.

Minnesota needs to obtain federal approval of an 1115 Medicaid demonstration waiver from the Center for Medicare and Medicaid Services (CMS) to extend automatic eligibility to children who receive non-IV-E foster care or kinship care. Given the time required for waiver approval and the changes required to DHS eligibility systems, this proposal is effective January 1, 2021.

Current enrollment data show that about 97 percent of the roughly 4,400 children in Minnesota not receiving foster care assistance have MA coverage. The fiscal estimate assumes coverage for the remaining 3 percent in this group or about 170 foster care children in FY2022.

Many children in foster care utilize targeted case management (TCM) services administered by the county human service agencies at an average cost of $309 per month. Counties provide the nonfederal share of TCM for MA enrollees, but may be providing the service for children not enrolled in MA. Providing TCM services to additional MA children will result in additional costs or savings to counties depending on whether or not newly eligible children are currently receiving TCM funded without federal Medicaid funds.

## Equity and Inclusion:

This proposal helps reduce disparities and improve equity by reducing barriers to enrollment in Medical Assistance for a vulnerable population and improving health outcomes. Children under the age of 21 who receive foster care and kinship care who are not eligible for Title IV-E funding would be impacted by this change. Children of color and children with disabilities are disproportionately placed in out-of-home care.

- In 2016, 15,004 children experienced 15,654 placement episodes.[2]
- From 2015 to 2016, there was a 10.2-percent increase in the overall number of children who experienced out-of-home care.[3]
- The number of children who do not qualify for Title IV-E foster care has increased over the past 30 years because income thresholds for the Title IV-E program are based on old rules in effect in 1986.

[2] Minnesota's Out-of-home Care and Permanency Report, 2016, pg. 3, October 2017.
[3] Minnesota's Out-of-home Care and Permanency Report, 2016, pg. 3, October 2017.

- As of June 30, 2018, 56 percent of children in foster care did not qualify for IV-E funding[4].
- 69 percent of children who receive kinship assistance do not qualify for Title IV-E funding[5].

- White children remain the largest group, both entering care (48.7 percent) and continuing in care (42.1 percent) in 2016. However, disproportionality remains a significant concern for children in out-of-home placement.[6]

### IT Related Proposals:

Changes to current eligibility requirements for children in foster care not receiving IV-E assistance will require changes to the MMIS and MAXIS systems. The state share of those costs is reflected in the fiscal detail table.

### Results:

The results of this initiative will be measured by gathering and reviewing data that demonstrates the Medical Assistance enrollment of children receiving state-funded Northstar Foster Care and Kinship Care. One year following implementation, 100 percent of children who are receiving state-funded Northstar Foster Care or Kinship Care will be enrolled in Medical Assistance, for all months in which they receive Foster Care or Kinship Assistance.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | 363 | 363 | 850 | 918 | 1,768 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | 363 | 363 | 850 | 918 | 1,768 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | MA Grants | | 255 | 255 | 828 | 896 | 1,724 |
| GF | 11 | Systems (MAXIS) | | 79 | 79 | 16 | 16 | 32 |
| GF | 11 | Systems (MMIS) | | 29 | 29 | 6 | 6 | 12 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |

### Statutory Change(s):

256B.055

[4] Minnesota Department of Human Services, Fiscal Reporting and Accounting, Title IV-E Ratios – Child Count Details, 07/25/2018
http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=Fiscal_Reporting#titleiv

[5] Information provided by Children Family Services on 8/23/18.

[6] Minnesota's Out-of-home Care and Permanency Report, 2016, pg. 3, October 2017.

**Change Item Title: Expand and Strengthen School-Linked Mental Health (SLMH)**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 4,602 | 4,782 | 5,293 | 5,293 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 4,602 | 4,782 | 5,293 | 5,293 |
| **FTEs** | **2** | **3** | **3** | **3** |

### Recommendation:

The Governor recommends expanding school-linked mental health services in order to serve approximately 7,000 more students. The proposal also provides administrative resources to provide on-going support and technical assistance to grantees, as well as measure the impact of the program.

### Rationale/Background:

Many children with mental health conditions lack access to the treatment and supports they need. Untreated mental health conditions can be a significant barrier to learning and educational success. To address this, Minnesota has pioneered efforts to bring mental health services to students through the school-linked mental health program.

Under Minnesota's model of school-linked mental health, which began in 2007, community mental health agencies place mental health professionals and practitioners in partnering schools to provide mental health services to students. These mental health providers also consult with teachers and provide care coordination as well as offer classroom presentations and school-wide trainings on mental health issues. The current grantees provided 16,284 students with school-linked mental health services in 2017. In 2019, school-linked mental health services will be available in 953 school buildings (46% of total public-school buildings) across 288 school districts (52% of total school districts) located throughout Minnesota.

With appropriate identification, evaluation, and treatment, children and adolescents living with mental illnesses can achieve success in family life, in school, and in work. Outcomes data shows that when children receive services through school-linked mental health their mental health symptoms decrease and their overall mental health improves.

School-linked mental health services have also proven particularly effective in reaching children who have never accessed mental health services. Many children with serious mental health needs are first identified through this program, including 45 percent of children who met the criteria for Severe Emotional Disturbances. In addition, the program has been effective in addressing equity in access to mental health services. Students of color receiving school-linked mental health services were significantly more likely to be accessing mental health services for the first time compared to white students.

### Proposal:

This proposal seeks to increase access to mental health services for students in Minnesota by expanding school-linked mental health grants by $4.5 million each year in FY 2020 and FY 2021, and by $5 million annually in FY

2022 and FY 2023 on-going. With the additional funding, school-linked mental health grantees will be able to serve approximately 7,000 more students over the next two years while sustaining the current reach of services. Under this proposal, grantees will also be able to utilize funding to develop the capacity to deliver school-linked mental health services via telemedicine in order to further expand access.

This increase in grant funding will also be used to train grantee organizations to implement best practices for working with children who have experienced trauma as well as specialized training for providers who serve younger children and their parents. Focusing on building the capacity and workforce in areas that have the most barriers to bringing school-linked mental health to their district, school building and students will continue into the next grant cycle.

In addition, the proposal requests funding for 2.0 FTEs in FY 2020 and 3.0 FTEs on-going in the Behavioral Health Division of the Community Supports Administration at the Department of Human Services. These positions will support the expansion of the program and allow for a greater focus on measuring and improving quality through data analysis, proactive support for grantee provider agencies, and will work collaboratively with other systems and agencies to find efficiencies.

This proposal provides $30,000 annually to allow staff to travel throughout the state to provide technical assistance and monitor programs; $50,000 annually for a technical contract with Wilder Research for access to their MN Kids Database to allow providers and staff to document and analyze utilization information; and $10,000 annually for a statewide conference to provide training and sharing of best practices.

Finally, this proposal provides a clear statutory framework for school-linked mental health services and includes a study and evaluation of the program to assess the school-linked mental health grant program and develop recommendations for improvements. This study will be led by the Department of Human Services in consultation with representatives from the education community, mental health providers, and advocates.

### Equity and Inclusion:

The school-linked mental health program has been adjusted in recent years to support an expansion of culturally and linguistically diverse services and providers. This includes the first tribal school-linked program, an agency contracting with state academies for deaf/hearing impaired and blind/visually impaired students, and allowing "practice groups" of providers to become eligible grantees in order to encourage small, culturally-specific providers access to the program to support students in their communities.

These grant dollars are intended to continue to develop and to sustain the statewide infrastructure necessary to ensure that children with mental health conditions, regardless of their insurance status or cultural background, receive evidence-based mental health services from highly-trained mental health professionals.

### IT Related Proposals:

This proposal does not impact DHS IT systems.

### Results:

Success of this proposal will be measured as follows:

- Increase in the number of school districts and schools accessing mental health services through the grant
- Increase in the number of school districts and schools utilizing telemedicine delivery of mental health services
- Increase in the number of clinicians available to provide mental health treatment in a school setting
- Increase in the number of students of cultural minority groups receiving mental health services through the grant
- Improve early identification and interventions of mental health issues in elementary and middle school settings
- Improve system coordination and access for students who have been expelled or suspended from school

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 4,602 | 4,782 | 9,384 | 5,293 | 5,293 | 10,586 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 15 | BH Admin (FTE – 3, 3, 3, 3) | 150 | 415 | 565 | 431 | 431 | 862 |
| GF | 58 | Children's Mental Health Grants | 4,500 | 4,500 | 9,000 | 5,000 | 5,000 | 10,000 |
| GF | Rev1 | FFP @ 32% | (48) | (133) | (181) | (138) | (138) | (276) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 15 | BH Admin – assumes 9 months in FY20 | 2 | 3 | | 3 | 3 | |

## Statutory Change(s):

245.4661; New Section

**Change Item Title: Children's Intensive Services Reform**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 2,866 | 5,419 | 7,129 | 11,058 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | **2,866** | **5,419** | **7,129** | **11,058** |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

The Governor recommends sustaining and expanding access to intensive children's mental health services by continuing to allow state funding to replace lost federal funding for certain children's residential facilities and expanding the state's Psychiatric Residential Treatment Facility bed capacity.

## Rationale/Background:

This proposal is driven by both an urgent crisis and by increasing capacity within the current continuum of intensive services for children with the serious mental health issues.

*Children's Residential Treatment Services*

Since 2001, the Centers for Medicare and Medicaid Services (CMS) has allowed Minnesota to receive federal matching funds on residential mental health treatment for children on medical assistance. Counties are responsible for the non-federal share of this service for children on medical assistance who are not enrolled in managed care.

CMS recently required Minnesota to review children's residential mental health treatment programs with over 16 beds to determine if they qualified as an institution for mental disease (IMD) under federal law. DHS submitted its findings to CMS in April 2018. There are currently 8 children's residential facilities within Minnesota now considered to be IMDs, with a combined total of 363 beds.

When a person enrolled in medical assistance is placed in an IMD, the services they receive can no longer be matched with federal funding. To ensure people residing in an IMD continue to have access to needed care, Minnesota has a program that pays for medical assistance services for individuals when they are in an IMD using state-only funds, known as "Program IM".

Children's residential treatment services, however, had not historically been eligible to utilize Program IM funding. The 2017 legislature approved the use of Program IM funding to offset the lost federal funding for children's residential treatment services, but that authority is time-limited. As of May 1, 2019, the authority to use state-funding for these services expires and counties will be responsible for 100 percent of the cost for children's residential treatment services delivered in a facility that is determined to be an IMD.

*Psychiatric Residential Treatment Facilities (PRTFs)*
In 2015, the legislature approved children's Psychiatric Residential Treatment Facility (PRTF) services as a new Medical Assistance benefit. PRTFs are intended to serve children who require a more intensive level of care due to serious and complex mental health needs and other conditions.

The first PRTF provider began serving children in 2018 and has forty PRTF beds available. Two additional sites are expected to be operational by January 2019, bringing the total number of PRTF beds in Minnesota to 150. In the short time PRTF services have been available, demand is already outpacing the available bed capacity and there is a waiting list.

There are additional willing providers, but state law currently limits the number of PRTFs in Minnesota to 150 beds across up to six sites. Unlike children's residential treatment facilities, PRTFs are exempt from the IMD regulations under federal law.

*Children's Intensive Services Study*
In 2017, the legislature also passed one-time funding to support the development of recommendations for creating a more sustainable and community-driven continuum of care for children with serious mental health needs. DHS contracted with Wilder Research to conduct this analysis and a report is due to the legislature in February 2019. The analysis consists of an examination of Minnesota's current continuum and treatment models, interviews with providers and families, existing data from state and national studies, as well as models from other states in order to develop recommendations for Minnesota. Recommendations from this report will be utilized to direct implementation of this proposal.

## Proposal:

This proposal implements short-term solutions to address the immediate pressures facing the children's mental health systems while supporting longer-term planning and reforms. This proposal has two components:

First, this proposal extends the authority to use state-funding to offset the lost federal funding for children's residential mental health services provided in a facility determined to be an IMD. This will be effective May 1, 2019, when the current authority to use state funding expires, and continue on-going to ensure sufficient time for longer-term planning and implementation of recommendations from the children's intensive services analysis that is underway.

Second, this proposal increases the current cap of 150 PRTF beds to 300 beds and eliminates the requirement that Minnesota has no more than six PRTF sites across the state. New PRTF providers would be selected through a competitive RFP process.

Medical assistance costs in this proposal include the state share for an increase of 80 new PRTF beds by July 1, 2020, and 70 more by July 1, 2023; and ongoing funding for services provided to children in IMDs beginning July 1, 2019, as well as allowing billing for services provided in May and June 2019.

This proposal also provides start-up funding to support new PRTF providers in bringing services online. The proposal refinances current administrative appropriations resulting from 2015 legislation to offset the annual $400,000 in startup funds for new PRTFs. These funds can be used for administrative expenses, consulting services, HIPAA compliance, therapeutic resources (evidence-based, culturally appropriate curriculums), and training programs for staff and clients as well as allowable physical renovations to the property.

DHS will utilize current PRTF administrative funding for a contract consultant for a DHS Evidence-Based team to implement new PRTFs based on the findings of 'Children's Mental Health Intensive Services Study' and respond to the identified gaps in the service continuum for children. The consultant will support the DHS team to review and analyze the clinical models of PRTFs and other services for children and families through the evidence-based and

cultural responsivity lenses. The contractor will work with providers to develop an effective way to manage and communicate a statewide waiting list system. The contractor will also develop and implement an evaluation plan for PRTF and other services to facilitate adherence to fidelity expectations.

### Equity and Inclusion:

The 'Children's Mental Health Intensive Services Study' contracted to be conducted by Wilder Foundation will evaluate the profile and demographics of children who are admitted to PRTFs and children's residential facilities in Minnesota. This will be used to evaluate equity in our current system and inform implementation of this proposal.

### IT Related Proposals:

This proposal does not impact DHS IT systems. The functionality to reimburse both PRTFs and Children's Residential Facilities that are considered IMDs exists today.

### Results:

- Average length of stay within a PRTF and CRF.
- Percentage of children getting mental health services who experienced a significant improvement in symptoms based upon the SDQ after 6 months of treatment (based upon teacher reports).
- Evaluate if PRTFs change the trajectory of kids entering the juvenile justice systems.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 2,866 | 5,419 | 8,285 | 7,129 | 11,058 | 18,187 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | **2,866** | **5,419** | **8,285** | **7,129** | **11,058** | **18,187** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 15 | Behavioral Health Admin | (350) | (350) | (700) | (350) | (350) | (700) |
| GF | 15 | Loss of FFP @ 32% | 112 | 112 | 224 | 112 | 112 | 224 |
| GF | 58 | Children's Mental Health Grants | 400 | 400 | 800 | 400 | 400 | 800 |
| GF | 33FC | Medical Assistance –Families & children | 2,704 | 5,257 | 7,961 | 6,967 | 10,896 | 17,863 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

### Statutory Change(s):

256B.0625; Laws 2017, First Special Session chapter 6, article 8, sections 71 and 72

**Change Item Title: Certified Community Behavioral Health Clinics Expansion**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 473 | 4,226 | 8,869 | 9,301 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 473 | 4,226 | 8,869 | 9,301 |
| **FTEs** | **2** | **4** | **4** | **4** |

### Recommendation:

The Governor recommends transitioning Certified Community Behavioral Health Clinics (CCBHCs) from a demonstration project to an on-going service model within Minnesota's continuum of mental health and substance use disorder treatment. This is expected to result in five additional providers becoming CCBHCs during this budget period. The Governor also recommends providing resources to support the continuous improvement and long-term sustainability of this model.

### Rationale/Background:

Minnesota is one of eight states participating in a federal demonstration project to test a new model of community-based mental health and substance use disorder care, known as Certified Community Behavioral Health Clinic (CCBHC). CCBHCs provide a comprehensive set of mental health and substance use disorder services for both children and adults including screening, assessment and diagnosis, treatment planning, outpatient and rehabilitative services. CCBHC providers are reimbursed under a daily, bundled, cost-based payment rate.

In the first year of the demonstration, over 17,000 children and adults received services through a CCBHC. Early results are very promising: CCBHCs are improving access to care, reducing wait times, improving coordination, expanding the scope of services and improving their ability to meet individual needs.

Minnesota currently has six CCBHCs participating in the federal demonstration project which began in July 2017 and ends in July 2019. Current state law allows the existing six CCBHCs to continue operating under this model and payment structure after the federal demonstration period ends, as long as federal matching funds are available. Minnesota has an 1115 waiver pending approval with the federal Centers for Medicare and Medicaid Services (CMS) to request that federal funding for this model continue beyond July 1, 2019. This will allow Minnesota to continue this promising model but only for the current six sites.

In addition, Congress recently approved several rounds of grant funding to support additional providers to become certified as CCBHCs and two clinics in Minnesota were awarded funding during the first round. While these new federal grants do not include a continuation or expansion of the current demonstration program, it does signal a willingness on the part of the federal government to allow states to continue testing this model and expanding the scope.

## Proposal:

This proposal transitions CCBHC services from a demonstration project to a traditional Medicaid benefit, which is expected to result in five new providers becoming CCBHCs over the next four years. The five additional clinics will be certified in two cohorts.

The first cohort will include the two providers who were recently awarded federal grant funding. The federal grant funding for these two clinics will end on September 30, 2020 at which point they will become part of the state's Medicaid demonstration. The second cohort will be available to providers who receive start-up funding to support their transition to the CCBHC model, which will be awarded through a competitive Request for Proposals (RFP) process. Start-up grants will be awarded in January 2020 and the additional three clinics are expected to be certified and delivering services by January 2021. The costs for the state share of Medical Assistance costs once the new CCBHCs are operational is reflected in the fiscal detail table below.

Experience from the first six sites suggests that these providers will require grants of $100,000 per CCBHC for the planning process. Since the first two programs received federal planning grants, they will not require state funds for this purpose. $100,000 in SFY20, and $200,000 in SFY21 will cover the costs of planning, staff training, and other quality improvements which are required to comply with federal CCBHC criteria for the remaining three sites.

This proposal will also simplify the reimbursement process for CCBHC services. Due to the rapid implementation timeline for the federal demonstration, CCBHCs are currently paid outside of the standard Medical Assistance payment system and DHS contracts with an outside vendor who reconciles claims. This proposal will create a structure for CCBHC payments similar to what is currently used for Federally Qualified Health Centers who receive a similar type of payment and eliminate the need to use an outside vendor to support provider payments. See the "IT Related Proposal" section below for more detail.

Additional DHS administrative resources will be needed to support certification reviews, data reporting, evaluation, rate determination, on-going technical assistance and to support clinic expansion. These positions will provide intensive and time-sensitive planning and coordination needed to develop cost-based rates, certify clinics, measure outcomes, assist providers, gather stakeholder input, and aid providers in participating in an intensive evaluation effort.

This proposal also provides additional funding to support continuous improvement of the CCBHC model. This will include funding for professional and technical contracts, data collection and evaluation, and innovative initiatives such as improving the capacity for CCBHCs to share electronic health records with other community providers in a manner that is secure and consistent with data privacy.

Lastly, this proposal would enact technical updates to the state statute governing CCBHCs.

## Equity and Inclusion:

In 2016, DHS used the results of a CCBHC needs assessment, which noted significant demographic changes in different parts of the state, to develop the initial implementation of CCBHC services across eighteen (18) rural, urban and frontier counties. The assessment recognized increasing populations of color and persons who speak languages other than English.

Language barriers present a significant, additional challenge to obtaining care when persons needing treatment for mental health conditions and/or substance use disorder do not have access to treatment services in their native and preferred language. The needs assessment, required when Minnesota established the demonstration project, clearly showed that the current care system in Minnesota was not geared to identify and address the treatment needs of persons who speak languages other than English.

Representatives from these impacted groups have been engaged for consultation in a number of ways and venues:

- Representation on each CCBHC's governing board and/or advisory committee
- Client perception of care surveys administered at each CCBHC
- DHS staff involvement in the MH State Advisory Council, DHS Cultural and Ethnic Communities Leadership Council (CECLC), CCBHC statewide advisory committee, and intentional relationship development with the Veterans Administration Medical Centers and regional Continuums of Care for Ending Homelessness.

## IT Related Proposals:

MNIT has determined that changes necessary to transition MMIS from the current complex payment structure to a simplified structure, similar to what is currently used for Federally Qualified Health Centers (FQHCs) will require $20,000 in SFY 20 and $9,000 in SFY 21; and additional maintenance costs of $4,000 in SFY21, and $6,000 annually on-going, beginning in SFY 22. The estimated duration of IT work is 10 months.

**Estimated MNIT Costs**

| | Hours | Cost | State Share @ 29% |
|---|---|---|---|
| Business Analysis | 360 | $ 28,339 | |
| Technical | 288 | $ 26,646 | |
| Quality Assurance | 193 | $ 15,193 | |
| Project Management | 168 | $ 13,225 | |
| **Subtotal** | **1,009** | $ 83,403 | $ 24,187 |
| Contingency Fee | | $ 16,681 | |
| **Total** | | **$ 100,084** | **$ 29,024** |
| Annual Maintenance Fee: | | **$ 20,017** | **$ 5,805** |

## Results:

To measure improvements in provider processes and clinical outcomes for CCBHC clients, 22 federally defined quality measures are required to be reported on. Examples of improvements to be measured include:

- Improved follow-up care after emergency department visit/hospitalization for mental illness
- Improved follow-up care after emergency department visit for alcohol use
- Improved initiation and engagement of alcohol dependence treatment
- Reduced readmission rates

The first-year results show that the performance for majority of the measures listed above has improved compared to the two years prior to CCBHC implementation. For example, for children between the ages of 6 to 21 years old, 84% had a follow-up with a CCBHC within 30 days following a hospitalization for a mental illness. This rate was 78% in 2015 and 80% in 2016. As the CCBHC work on improving their ability to use their Electronic Health Records (EHR) for population health management and clinical quality improvement, we anticipate the performance to continue to improve for these quality measures.

DHS, along with the six CCBHCs identified two ambitious goals to achieve during the CCBHC federal demonstration period in Minnesota. These goals were selected to address the lack of access to a full continuum of mental health substance use disorder treatment, especially in the frontier counties, in an integrated clinic. Improving access to the full array of services and support allows individuals to be healthy and successful in their community.

1. Add new benefits and expand access to existing services.
2. Expand access to communities of color and non-native English speakers.

The preliminary results show that the proportion of encounters and persons served by peers in CCBHCs have increased compared to before CCBHC implementation. The percentage of persons served by telemedicine has also increased during the first year of CCBHC compared to previous years. The number of persons being served did increase compared to previous years; however, the number recipients from communities of color and non-primary English speakers remained similar to previous years.

In addition, the CCBHC model has proven effective in expanding the capacity of providers to deliver services. During the first year of the demonstration, CCBHCs have hired 167 additional staff, an increase of 29% over their previous staffing. This includes psychiatrists, mental health professionals, substance use disorder treatment staff, service coordinators, and peer counselors. Many of these new staff are members of the cultural and linguistic communities that they serve. The current CCBHCs serve 18 counties. In these counties, the CCBHCs have expanded their clinic locations from 22 to 29, as well as providing more community services, such as school-based and crisis services, outside the four walls of official clinic locations.

**Fiscal Detail:**

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 473 | 4,226 | 4,699 | 8,869 | 9,301 | 18,170 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | **473** | **4,226** | **4,699** | **8,869** | **9,301** | **18,170** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 15 | Behavioral Heath Admin | 519 | 660 | 1,179 | 632 | 657 | 1,289 |
| GF | 13 | Health Care Admin | 0 | 105 | 105 | 105 | 105 | 210 |
| GF | Rev1 | FFP @ 32% | (166) | (245) | (411) | (236) | (244) | (480) |
| GF | 33AD | MA – Adults without children | 0 | 123 | 123 | 285 | 299 | 584 |
| GF | 33FC | MA – Families and children | 0 | 3,370 | 3,370 | 8,077 | 8,478 | 16,555 |
| GF | 57 | Adult Mental Health Grants | 100 | 200 | 300 | 0 | 0 | 0 |
| GF | 11 | MNIT Costs (MMIS @ 29%) | 20 | 13 | 33 | 6 | 6 | 12 |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 13 | Health Care Admin | | 1 | | 1 | 1 | |
| GF | 15 | Behavioral Health – 9 months in SFY20 | 2 | 3 | | 3 | 3 | |

## Statutory Change(s):

245.735; 256B.0625

**Change Item Title: Substance Use Disorder 1115 Demonstration Waiver Implementation**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 522 | (16,613) | (33,579) | (39,702) |
| Revenues | | | | |
| Other Funds | | | | |
| Expenditures | | | | |
| Revenues | | | | |
| Net Fiscal Impact = (Expenditures – Revenues) | **522** | **(16,613)** | **(33,579)** | **(39,702)** |
| **FTEs** | **4** | **4** | **5** | **5** |

**Recommendation:**

Effective July 1, 2019, the Governor recommends establishing new standards for substance use disorder (SUD) treatment providers participating in the state's Medicaid substance use disorder reform demonstration project. The proposal provides a payment rate increase for outpatient and residential SUD treatment providers participating in the demonstration and who are able to meet nationally recognized SUD specific program standards established by the American Society of Addition Medicine (ASAM) within 24 months.

**Rationale/Background:**

In 2016, the Legislature directed the Department of Human Services (DHS) to recommend reforms to Minnesota's SUD treatment system. The resulting recommendations, submitted to the Governor and the state legislature in 2017, included adding new SUD services to the Medical Assistance benefit set, permitting direct reimbursement for SUD services in settings outside of treatment programs, and modifying the SUD placement system to allow clients direct access to the SUD provider of their choice following an assessment. The legislature authorized the new SUD services and adopted other statutory changes needed to permit direct reimbursement and modify the SUD client placement and assessment processes.

These reforms are an important first step in ensuring Minnesotans have access to high-quality SUD services; however, more still needs to be done to ensure a true continuum of care. DHS recently completed a legislatively mandated report on the payment structure for Minnesota's SUD continuum. One key finding of that report was that "the current business models in the SUD program are often narrowly focused and do not always promote continuity of care. While a few providers offer multiple levels of care or provide after care to the next level of care, most providers reported delivering only a single level of care and not having formal referral arrangements in place in order to move to less/more intense levels of care."

The 2016 legislation also instructed DHS to examine options for mitigating the impact of the federal "institution for mental disease" (IMD) rule which prohibits the use of federal Medicaid funding for care in behavioral health treatment facilities with more than 16 beds. In 2015, the Centers for Medicare and Medicaid Services (CMS) informed state Medicaid directors of a new opportunity for demonstration projects by waiving certain requirements under Section 1115 of the Social Security Act. Under these demonstrations, states implementing SUD service delivery reforms can receive federal Medicaid funds for enrollees receiving residential SUD treatment in an IMD. DHS analyzed the SUD delivery system and identified changes needed to meet requirements for a waiver of the federal IMD rule based on the existing federal guidance. DHS summarized those changes in its 2017 legislative report including the following:

- development of a comprehensive, evidence based benefit package. The package must include a full continuum of evidence based best practices and incorporate industry-standard benchmarks for defining medical necessity, covered services, and provider qualifications;
- implementation of a SUD specific multi-dimensional patient placement and assessment tool;
- adopting an independent medical review process to ensure services are medically necessary and placements are appropriate;
- completing an assessment of SUD provider access including the availability of providers enrolled in MA and accepting new patients; and
- incorporating nationally recognized SUD specific program standards into existing provider requirements for residential treatment facilities.

In March 2018, DHS submitted a demonstration waiver request to CMS seeking federal Medicaid funds for services to individuals receiving short term residential SUD treatment in an IMD. Based on feedback from CMS and providers, additional clarity in the state law, resources for implementation, and incentives for participating providers are needed to ensure the demonstration project can be successful.

**Proposal:**

This proposal codifies the provider standards necessary for Minnesota to implement the SUD demonstration waiver upon CMS approval. It also provides funding necessary to issue provider agreements, conduct a waiver evaluation, provide technical assistance, conduct medical reviews, and to establish standards of SUD service delivery that are consistent with ASAM criteria.

The IMD exclusion applies to services provided to individuals under age 65 residing in facilities that are over 16 beds and meet the definition of an IMD. Under this exclusion, no Medicaid payment can be made for services either inside or outside the facility for persons residing in an IMD. An IMD is a hospital, nursing facility, or other institution that provides treatment for people with mental illness[1]. While roughly half of the 142 residential SUD treatment facilities licenced by the state are classified as IMDs, due to their relative size, these IMD facilities manage over three-quarters of the state's 4,000 residential SUD treatment beds.

Total spending on covered services for MA eligible individuals receiving residential SUD treatment in IMD facilities reached over $75 million in FY2017. Approval of the state's pending waiver will provide new federal revenue to Minnesota to finance SUD treatment and other health care costs that are currently covered by state funds. About 2/3 of MA enrollees recieving SUD treatment are in the MA adult expansion group and eligible for an enhanced federal match (93% in 2019). With the enhanced Medicaid match, DHS anticipates that nearly three quarters of the cost of services for people residing in participating residential facilities will be covered by federal funds upon waiver approval.

CMS issued letters to State Medicaid Directors in July 2015 and November 2017 announcing the option for state demonstration projects to waive the IMD exclusion for residential SUD services. Medicaid demonstration waivers are granted at the discretion of CMS. Given that CMS sent multiple letters and approved 22 state waivers of the IMD exclusion for substance abuse treatment, this proposal assumes approval of the waiver. Therefore the proposal recognizes the new federal revenue as savings to the state budget and assumes a July 1, 2020 implementation date.

This proposal also includes rate increases for participating providers: a 15 percent rate increase for the treatment portion of the residential rate and a 10 percent rate increase for outpatient individual and group services,

[1] The IMD exclusion does not apply to services for children up to age 21 receiving treatment in an accredited children's psychiatric hospital or a children's psychiatric residential treatment facility (PRTF).

beginning July 1, 2020; and a 10 percent rate increase for comprehensive assessments, beginning January 1, 2021. These rate increases will apply to Medicaid services only, and not the non-Medicaid CCDTF services.

The Behavioral Health Division will need 3 FTEs dedicated to operationalizing the 1115 waiver and meeting federal requirements. This work includes policy development, provider communication, federal reporting, and completing the CMS required waiver evaluation and statewide assessment of SUD provider access. The proposal requires $250,000 in FY 2020, $600,000 in FY 2021 and $900,000 annually beginning FY 2022 for the required waiver evaluation and access assessment, and to implement new post payment and medical review processes for residential SUD services. The project will also require 1 FTE within HCA's Health Research and Quality Division and 1 additional FTE in the licensing division.

### Equity and Inclusion:

In 2015, Minnesota ranked first amongst all states when measuring the disparity-rate ratio of deaths due to drug overdose among American Indians relative to whites. Native American Minnesotans are five times more likely to die from a drug overdose than white Minnesotans. African American Minnesotans are twice as likely to die from a drug overdose as white Minnesotans. Both of these rate disparities—between Native Americans/whites and African Americans/whites—are the greatest rate disparity based on race in the United States.

The ASAM criteria does not directly aim to impact the disparities outline above. However, the ASAM criteria is a strengths-based, person-centered approach to substance use disorder treatment that takes into consideration the entire substance use disorder continuum of care. Overall, moving to the ASAM criteria will allow Minnesota to better ensure that people who need substance use disorder treatment are receiving the right care at the right time and are able move between levels of care without having their recovery disrupted.

### IT Related Proposals:

The MMIS system will require changes to implement new rates that would apply to specific providers, beginning January 2020, and a second rate change for outpatient services and the comprehensive assessment that would start January 2021.

### Results:

- Increase in people accessing the right level of treatment
- Increased number of people accessing treatment
- Integrated substance use disorder programs and primary care
- Increased engagement and retention of people accessing treatment

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 522 | (16,613) | (16,091) | (33,579) | (39,702) | (73,281) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | **522** | **(16,613)** | **(16,091)** | **(33,579)** | **(39,702)** | **(73,281)** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Licensing Admin | | | | 107 | 93 | 200 |
| GF | 13 | HRQ Admin | 125 | 111 | 236 | 111 | 111 | 222 |
| GF | 15 | Behavioral Health Admin | 603 | 911 | 1,750 | 1,211 | 1,211 | 2,122 |
| GF | Rev1 | FFP @32% | (233) | (327) | (560) | (457) | (453) | (910) |
| GF | 11 | MNIT – MMIS @ 29% | 27 | 5 | 32 | 5 | 5 | 10 |
| GF | 33 | additional FFP to MA | - | (7,506) | (7,506) | (14,423) | (16,936) | (31,359) |
| GF | 33 | MA effects of CD rate increase | - | 500 | 500 | 716 | 857 | 1,573 |
| GF | 35 | additional FFP to CCDTF | - | (11,275) | (11,275) | (22,009) | (25,970) | (47,979) |
| GF | 35 | CCDTF effects of CD rate increase | - | 968 | 968 | 1,160 | 1,380 | 2,540 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Licensing | | | | 1 | 1 | |
| GF | 13 | Health Care - HRQ | 1 | 1 | | 1 | 1 | |
| GF | 15 | Behavior Health | 3 | 3 | | 3 | 3 | |

## Statutory Change(s):

256B

**Change Item Title: Traditional Healing**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 2,493 | 2,500 | 2,500 | 2,500 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,493 | 2,500 | 2,500 | 2,500 |
| **FTEs** | **1** | **1** | **1** | **1** |

### Recommendation:

The Governor recommends $2.4 million annually in grants to tribal communities to provide traditional healing practices to American Indians and increase the capacity of culturally specific providers in the behavioral health workforce.

This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

### Rationale/Background:

American Indians face significant health disparities. Life expectancy is 5.5 years less than other races in the United States, alcohol-related deaths are 6.6 times higher and drug-related deaths are 1.8 times higher when compared to all other races. Recent increases in children involved in child protection due to the drug epidemic has increased the number of American Indian children entering the foster care system and staying in care longer.

Traditional healing is a multi-generational, multi-disciplinary approach to reduce the chronic mental health and substance use disparities experienced by American Indians. Traditional healing is a holistic approach that looks at all aspects of living: emotional, physical, and spiritual to promote health/healing for American Indians. Conventional behavioral health interventions have not yielded the same outcomes within the American Indian population as they have for other populations. However, traditional healing for American Indians has outcomes that are equivalent to the outcomes for conventional interventions in other populations.

### Proposal:

This proposal will provide $2.4 million per year in grants to tribal communities to improve access, coordination and referral processes for traditional healing in Native communities across Minnesota. This proposal would provide grant funding to Tribal Nations across Minnesota and five (5) urban Indian communities. Each of these 16 sites will receive up to $150,000 to support a full-time traditional healer, increase the capacity of culturally specific providers in the behavioral health workforce and increase access to culturally specific services.

DHS requires one full-time equivalent ongoing beginning in FY 2020 to oversee the initiative. This position will manage contracts with tribal nations and communities, provide oversight, as well as collect and analyze outcome and trend data to support continuous improvement of the program. Additionally, the position will act as a liaison to the Minnesota American Indian Mental Health Advisory Council. DHS and the Council will also monitor the

progress of Arizona, California, New Mexico and Michigan who are pursuing Medicaid funding for traditional healing models and will assess whether a similar approach will also be a good fit for Minnesota.

### Equity and Inclusion:

The approach outlined in this proposal seeks to reduce the profound health disparities experienced by American Indians and Alaskan Natives. Planning and implementation will be designed in accordance with the State of Minnesota, Department of Human Services Tribal Consultation Policy. The project will be Tribally-driven and governed by the Minnesota American Indian Mental Health Advisory Council in partnership with the Minnesota Department of Human Services, through its Behavioral Health Division.

### IT Related Proposals:

Performance data will be collected and tracked through the Mental Health Information System (MHIS). No new systems work is required.

### Results:

DHS will measure the following indicators to understand the impact of the success of the grant funding:

- The number of alcohol/drug related deaths in the American Indian and Alaskan Native communities
- The number of Native people receiving detox services and inpatient and/or residential levels of care
- The number of Native people needing hospitalization(s) and death(s) by suicide
- The number of out-of-home placement, entrance into foster care and/or extended stay in the foster care system within American Indian and Alaskan Native communities
- The number of culturally-specific providers in the behavioral health workforce

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | 2,493 | 2,500 | 4,993 | 2,500 | 2,500 | 5,000 |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| OSF | 15 | BH Admin (FTE – 1, 1, 1, 1) | 93 | 100 | 193 | 100 | 100 | 200 |
| OSF | 57 | Adult Mental Health Grants | 2,400 | 2,400 | 4,800 | 2,400 | 2,400 | 4,800 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 15 | BH Admin – assumes 9 months in SFY20 | 1 | 1 | | 1 | 1 | |

### Statutory Change(s):

245.4661; Rider

**Change Item Title: Increasing Timely Access to Substance Use Disorder Treatment**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 8 | 8 | 14 | 14 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 8 | 8 | 14 | 14 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends allowing the use of Screening, Brief Intervention, and Referral to Treatment (SBIRT), a screening tool to identify individuals in need of substance use disorder (SUD) care, to authorize a limited number of substance use disorder treatment services in order facilitate more timely access to care.

### Rationale/Background:

The 2017 legislature approved a package of reforms to modernize Minnesota's system of substance use disorder care. A key element of this reform was streamlining the process for accessing SUD treatment by permitting an individual to go directly to a service provider to receive an assessment for SUD treatment services rather than needing a referral from a county, tribe, or managed care organization. While this was an important step forward, there is still more that can be done to ensure people can access treatment in a timely fashion.

Screening, Brief Intervention, and Referral to Treatment (SBIRT) is an approach to the delivery of early intervention and treatment to people with substance use disorders and those at risk of developing these disorders. This approach has three components: 1) Screening: quickly assessing the severity of substance use and identifies the appropriate level of treatment; 2) Brief intervention: Increasing insight and awareness regarding substance use and motivation toward behavioral change; and 3) Referral to treatment: providing those identified as needing more extensive treatment with access to specialty care.

SBIRT is currently available as a billable service under Medical Assistance and MinnesotaCare, but its use is limited and it can only be used to identify someone in need of substance use disorder service, not to authorize any treatment services to be delivered. The use of SBIRT has the potential to expedite access to services as well as provide interim treatment and support for individuals waiting for an opening for more long-term and intensive treatment.

SBIRT can be provided by a physician, physician assistant, or advanced practice registered nurse. The Department of Human Services is also working with the federal Centers for Medicare and Medicaid Services (CMS) to allow additional providers, including mental health professionals to be reimbursed for administering the screening as well.

### Proposal:

This proposal would expedite access to substance use disorder treatment services by allowing SBIRT to establish medical necessity for a combination of two hours of counseling sessions (group or individual), two episodes of peer support, and two episodes of service coordination. Upon engagement with a treatment program, a

comprehensive assessment would be required to inform treatment needs for the client going forward, including the approval of any treatment services beyond those initially approved based on the screen.

This will provide an essential tool to help identify substance use disorder in a person early, address the delays in referral to treatment, and provide support to ensure an easier transition to treatment when clients are most vulnerable. It would also support further integration between primary care, mental health, and substance use disorder care delivery systems.

This proposal assumes that more people will use the SBIRT assessment if it can be used to authorize services, which will result in additional cost to the state. A positive SBIRT assessment, would authorize eligibility for the following:

- two units of peer supports,
- two units of care coordination, and
- two units of treatment sessions using one individual session and one group session for pricing, (although the authorization would be for either, and it would be up to the client which type of treatment session is accessed)

There is no additional cost associated with these services, since the assumption is a brief shift in timing only.

The payment rates for providing SBIRT for 15-30 minutes is $25.03, and the rate for more than 30 minutes is $49.56. The anticipated growth in use of the SBIRT is assumed to be modest initially based on current usage and increase in FY22 as an alternative to the Rule 25 assessment which will sunset as a result of the Substance Use Disorder Reform legislation passed in 2017.

This proposal is expected to increase access to Medical Assistance reimbursable assessment services, which will result in increased expenditures as indicated below. The state share of the cost of these additional services paid through Medical Assistance would be $5,625 in FY 2020, $7,875 in FY 2021 and $13,500 in FY 2022 and FY 2023.

| | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| Additional SBIRT Assessments | 500 | 700 | 1200 | 1200 |
| Average Cost of Assessments | $37.5 | $37.5 | $37.5 | $37.5 |
| **Total MA Cost** | $18,750 | $26,250 | $45,000 | $45,000 |
| Federal share @ 70% (assumes half are adults w/no kids) | $13,125 | $18,375 | $31,500 | $31,500 |
| State share – BACT 33 | $5,625 | $7,875 | $13,500 | $13,500 |

## Equity and Inclusion:

In 2015, Minnesota ranked first amongst all states when measuring the disparity-rate ratio of deaths due to drug overdose among American Indians relative to whites. Native American Minnesotans are five times more likely to die from a drug overdose than white Minnesotans. African American Minnesotans are twice as likely to die from a drug overdose as white Minnesotans. Both of these rate disparities—between Native Americans/whites and African Americans/whites—are the greatest rate disparity based on race in the United States.

For comparison, the American Indian population represents 1.5% of the total population of Minnesota; the American Indian population represents 6% of all drug overdose deaths to Minnesota residents. The African American population represents 7% of the total population of Minnesota; the African American population represents 10% of all drug overdose deaths to Minnesota residents.

Preliminary 2016 data show the disparity has continued and worsened. While the white drug overdose mortality rate modestly increased from 10.1 to 10.8 per 100,000 white residents, the American Indian mortality rate increased from 47.3 per 100,000 residents to 61.6 per 100,000 residents, and the African American rate increased

from 20.8 per 100,000 residents to 24.3 per 100,000 residents. Although national 2016 mortality data is not yet available, the disparity rate ratio is likely to remain among the highest in the United States.

The hope is that the use of this tool will increase access for those who need substance use disorder services and reduce barriers to receiving those services, however, this proposal does not directly address the specific disparities outlined above.

### IT Related Proposals:

Changes to the MMIS system are necessary to be able to identify when an individual screened positive by SBIRT is authorized for the initial, limited quantity, set of services. There will be claims changes, such as a SBIRT code modifier added to indicate whether it was a positive or negative screen; and then if positive, to approve a certain set of services; a change to limit the amount of service units that are approved based on number rather than date span; and a limit that would prevent a SBIRT from overriding an earlier comprehensive assessment authorization of services.

The system changes will take approximately 1 month to complete for a cost of $ 5,747.68 ($1,667 state share).

| Process | Estimated Hours | Cost | Total hours/cost | $ 5,747.68 |
|---|---|---|---|---|
| BA | 10 | $ 611.90 | State Share @29% | $ 1,666.92 |
| Development | 40 | $ 3,350.00 | | |
| Testing | 27 | $ 1,785.78 | | |

The ongoing maintenance cost beginning in the year 2021 will be tied into the SUD reform proposal that passed during the 2017 session.

### Results:

- Decreased wait time to accessing treatment
- Increased number of people accessing treatment
- Integrated substance use disorder programs and primary care
- Increased engagement and retention of people accessing treatment

### Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 8 | 8 | 16 | 14 | 14 | 28 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | **8** | **8** | **16** | **14** | **14** | **28** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | Medical Assistance | 6 | 8 | 14 | 14 | 14 | 28 |
| GF | 11 | MMIS System Changes (29%) | 2 | | 2 | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 18** | **FY 19** | **FY 18-19** | **FY 20** | **FY 21** | **FY 20-21** |
| | | | | | | | | |

### Statutory Change(s):

254A

**Change Item Title: Strategic Response to the Opioid Crisis**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 4,125 | 8,250 | 8,236 | 8,236 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 4,125 | 8,250 | 8,236 | 8,236 |
| **FTEs** | **1** | **2** | **2** | **2** |

### Recommendation:

The Governor recommends establishing an opioid stewardship advisory council to develop and oversee a comprehensive and effective statewide effort to address the impacts of the opioid crisis in Minnesota. The council will be tasked with making recommendations and providing oversight over the use of funding in the opioid stewardship account. The Governor also recommends targeted investments to county and tribal social services agencies to support child protection activities within communities most impacted this crisis.

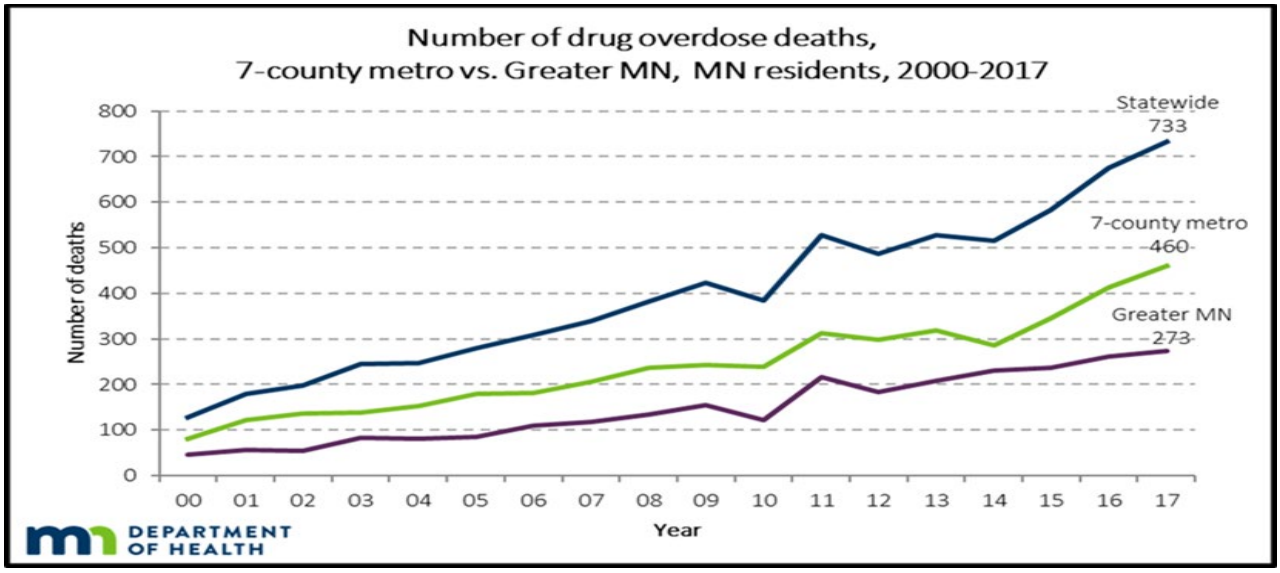
This proposal is part of a package of proposals recommended by the Governor to address rising rates of opioid use. The package of proposals is funded by new fees on opioid manufacturers, wholesalers, and entities that handle controlled substances.

### Rationale/Background:

The opioid crisis has had a devastating impact on communities across Minnesota and opioid overdose deaths continue to rise in Minnesota. In 2016, there were:

- 395 total opioid overdose deaths—an 18% increase since 2015.
- 194 overdose deaths that involved prescription opioids.
- 150 overdose deaths that involved heroin.

In 2017, the number of overdose death rose to 773 and as the chart below demonstrates, this problem is not limited to any one area of the state.




In addition, Minnesota has seen an increase in the number of children in out-of-home care across the state. In 2014, there were approximately 26,000 children involved in screened-in child protection reports and by 2017, that number was nearly 40,000 children. Parental drug abuse is the most common primary reason for new out-of-home care episodes, accounting for 29 percent of all new episodes during 2017, and the number of children removed for that reason continues to increase each year. Compounding that problem is the fact that, for a variety of reasons, these cases have historically taken longer to reach permanency. Counties are struggling to pay ever-increasing costs for out-of-home placement, as well as the demands of caseloads that are too high.

The Governor and legislature have taken steps to address the issue. Key initiatives include, the Minnesota State Substance Abuse Strategy, the Opioid Prescribing Improvement and Monitoring Work Group, the Integrated Care for High Risk Pregnant Women Initiative grant funds to expand care for pregnant women and substance exposed infants, funding to increase access to naloxone, and efforts to make disposing unused prescription opioids easier. Minnesota has also received a number of federal grants to support Minnesota's response to the opioid epidemic. While these efforts are an important start, the scope and impact of this crisis requires even more robust, urgent, and sustained action. This proposal seeks to build upon and expand these existing efforts and ensure there are on-going and sustainable resources available to address opioid abuse.

## Proposal:

This proposal establishes an advisory council to provide strategic oversight for the distribution of grant funds generated through fees, which are reflected in separate change pages from the Minnesota Board of Pharmacy. Fees collected by the Board of Pharmacy would be deposited in a fund specifically designated for uses designed to address rising rates of opioid use, including the grant program described in this page. .

*Opioid Stewardship Advisory Council*

This proposal will create a council to advise on the usage of a portion of funds deposited in the opioid stewardship fund. DHS will administer the grants with the oversight and guidance of the advisory council. The council will review local, state, and federal initiatives and funding related to prevention and education, treatment, and services for individuals and families experiencing and affected by opioid abuse and promote innovation and capacity building to address the opioid addiction and overdose epidemic. It will help ensure that opioid stewardship funding aligns with existing state and federal funding to achieve the greatest impact and support a coordinated state effort to address the opioid addiction and overdose epidemic.

The council will also work to align its efforts with the Results First project administered by Minnesota Management and Budget in order to target resources to the most effective initiatives and to provide on-going evaluation of the projects funding through these resources.

The council will be made up of legislators from both bodies, a representative from other state agencies, substance use disorder providers, advocates, and individual's personal impacted by the opioid crisis, Tribal Nations, as well as representation from law enforcement, social service agencies and the judicial branch. While the members of the advisory council will not receive compensation, they will be reimbursed for their expenses. These costs, as well as costs for space rental and other related costs will be funded through the fund.

*Opioid Stewardship Grant Distribution*
Funds will be appropriated to DHS from the Opioid Stewardship Fund for administrative services to the council and to administer the grant initiatives. Non-administrative funds are to be appropriated to DHS, with the following amounts to be allocated for these purposes:

- $4 million per year to county and tribal social services agencies. The Commissioner will work with counties and tribes to determine an allocation formula that addresses the additional out-of-home placement costs related to opioid abuse.
- $4 million per year for grants based on advisory council recommendations.

## Equity and Inclusion:

In 2015, Minnesota ranked first amongst all states when measuring the disparity-rate ratio of deaths due to drug overdose among American Indians relative to whites. Native American Minnesotans are five times more likely to die from a drug overdose than white Minnesotans. African American Minnesotans are twice as likely to die from a drug overdose as white Minnesotans. Both of these rate disparities—between Native Americans/whites and African Americans/whites—are the greatest rate disparity based on race in the United States.

For comparison, the American Indian population represents 1.5% of the total population of Minnesota; the American Indian population represents 6% of all drug overdose deaths to Minnesota residents. The African American population represents 7% of the total population of Minnesota; the African American population represents 10% of all drug overdose deaths to Minnesota residents.

Preliminary 2016 data show the disparity has continued and worsened. While the white drug overdose mortality rate modestly increased from 10.1 to 10.8 per 100,000 white residents, the American Indian mortality rate increased from 47.3 per 100,000 residents to 61.6 per 100,000 residents, and the African American rate increased from 20.8 per 100,000 residents to 24.3 per 100,000 residents. Although national 2016 mortality data is not yet available, the disparity rate ratio is likely to remain among the highest in the United States.

Any work to aid in the prevention, treatment, and mitigation of the impact of the opioid crisis would therefore have immense impacts on the above communities.

## IT Related Proposals:

No IT cost related to this proposal.

## Results:

It is anticipated that the changes proposed in this proposal will have the following impact on opioid use in Minnesota with the following measureable indicators:

- Reduce opioid overdose related deaths;
- Increase the number of people who receive opioid use disorder treatment and recovery services
- Reduce percentage of people reporting past 12-month pain reliever misuse
- Increased the number of buprenorphine waivered physicians

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | 4,125 | 8,250 | 8,375 | 8,236 | 8,236 | 16,472 |
| **Total All Funds** | | | **125** | **8,250** | **8,375** | **8,236** | **8,236** | **16,472** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| OSF | 15 | Behavioral Health Admin (FTE 1,2,2,2) | 125 | 250 | 375 | 236 | 236 | 472 |
| OSF | 59 | Substance Use Disorder Grants | 0 | 4,000 | 4,000 | 4,000 | 4,000 | 8,000 |
| OSF | 47 | Child & Economic Support Grants | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 8,000 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| OSF | 15 | Behavioral Health Admin | 1 | 2 | | 2 | 2 | |

## Statutory Change(s):

151.065; 151.252; and 151.255 (New Section)

**Change Item Title: Mental Health Uniform Service Standards**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 736 | 455 | 455 | 286 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | 0 | 0 | 0 | 0 |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 736 | 455 | 455 | 286 |
| **FTEs** | **5** | **5** | **5** | **3** |

### Recommendation:

The Governor recommends a multi-phase, comprehensive, reform and simplification of the regulatory structure for publicly funded mental health services. This initiative will align common standards across different services, eliminate requirements that do not add value or enhance treatment quality, ensure greater consistency in the guidance given to providers and improve accountability for improper billing, maltreatment, or other serious breaches.

### Rationale/Background:

The complexity of the regulatory structure is a significant problem facing publicly funded mental health services in Minnesota. Current regulations are complex, overlapping and reside in multiple locations within statute, rule, and other authorities. Some regulations date back to the introduction of federal funding for community mental health centers in the 1950s and have not been substantively updated.

Similar mental health service lines can vary in basic requirements without a clear justification. For example, there are forty-seven different locations in statute, rule, or variances to rule where Minnesota defines what qualifies a person as a “mental health professional.” Among these different locations, there are ten substantively different sets of language, each of which has at least one omission or error.

Various areas within DHS including Provider Enrollment, the Behavioral Health Division, and Licensing are conducting reviews of the same providers, often at different times. Some services are licensed, some are certified by the Behavioral Health Division, and others have no clear oversight. Providers report significant costs associated with hours spent on compliance activities that are duplicative or provide little value. They risk unintentionally being out of compliance and experience confusion among staff in learning the complex system. This also limits the ability of DHS to effectively and consistently regulate theses services and support providers in delivering high quality care.

All of these challenges call for a simplification of the regulations that govern these services. Mental health providers need requirements that aren’t duplicative, don’t conflict with one another, and can be readily understood by the people who must follow them. Mental health services share enough commonality to allow for a single framework of basic regulatory requirements and those requirements should have direct connection to Minnesotans equitably accessing high quality services.

## Proposal:

This proposal is the first phase of a multi-year project to simplify and align standards for publicly funded mental health services. Under this proposal, several requirements will be unified and streamlined across all mental health service lines, including those that are currently licensed and those that are currently unlicensed.

The goal is to align common standards across different mental health service lines and eliminate requirements that do not add value or enhance treatment quality. This includes provider qualifications, policies and administrative procedures as well as standards for conducting diagnostic assessments and treatment planning. This proposal would also repeal outdated administrative rules governing outpatient mental health services and codify in state law the components that are still relevant.

The only service that will receive substantive changes under this proposal is Mobile Crisis Response. This proposal clarifies the situations in which mobile crisis teams can be expected to respond, giving significant priority to calls made by peace officers contemplating taking a person to a hospital, as well as requests made by urgent and emergency medical care settings that lack specialized mental health resources. Changes in this proposal will also make it easier for a friend or family member to call on behalf of a loved one.

Finally, this proposal directs DHS to develop a plan for a unified licensing structure for publicly funded mental health services that incorporates all services whether they are currently licensed or certified. This plan will also identify ways to further align mental health and substance use disorder service requirements where possible to promote and support integrated models of care. This proposal charges DHS with conducting this work in collaboration with stakeholders and returning in a subsequent legislative session with further recommendations and proposed language. The proposal also requires DHS to develop a licensing fee schedule for this new framework and to solicit community input to set fees in a way that is fair to providers, incentives efficient reviews, and appropriately raises revenue to offset regulatory costs.

To facilitate this transformation, this proposal includes additional staff for the mental health unit within DHS' Licensing Division, as well as policy staff within the Community Supports Administration. This proposal appropriates general funds of $1.2 million in FY 2020-21 and $741,000 in FY 2022-23. The proposal funds temporary policy staff (FY 2020-22) who will work to align service standards and licensing needs. The proposal also funds ongoing licensing staff as well as systems changes to create the tools necessary to implement the standards created.

The proposal includes $50,000 to allow staff to travel and collect stakeholder input. Minnesota's regulations across mental health services and substance use disorder services are currently highly varied. Complex analysis is needed to make sure that opportunities for simplification are maximized without losing important protections to ensure health, safety, and integrity of public funding. Because these trade-offs are important, and changes can have unintended consequences, stakeholders have requested that the Department provide detailed information on what potential changes would be made in each service area. These staff will make that important transparency possible.

## Equity and Inclusion:

Racial and ethnic minorities are currently substantially less likely to find a mental health provider who shares their culture. There are many factors contributing to this disparity, but one is the high barrier to entry in providing services compared to some other health care types, such as Personal Care Assistance/Community First Services and Supports. This proposal will reduce some of those barriers to entry by simplifying the regulations that a provider must understand and demonstrate compliance.

Increased availability of training opportunities and proactive technical assistance will be additional resources in supporting newer and more diverse provider organizations in performing high quality work. DHS believes that

these changes will benefit all providers but particularly culturally-specific provider organizations, which tend to be smaller and have fewer resources to address compliance and administrative costs.

Outreach to providers serving Tribal communities and racial and ethnic groups experiencing disparities has been part of this work since inception. The American Indian Mental Health Advisory Committee, and Fond du Lac Human Services have provided significant feedback on which regulations have had unintended consequences in their communities or been particularly onerous to comply with.

Stakeholders have raised concerns with potential unintended consequences of the change that would require background studies for license applicants, controlling individuals, and staff to be conducted pursuant to Chapter 245C, the Human Services Background Study Act. Currently, most mental health providers are using commercially available background checks, which typically do not include arrest information or maltreatment findings. In strengthening the criteria for background checks we may reduce the pool of workers able to be employed. Existing disparities in arrest rates and how the same underlying conduct might be charged or plead down can impact who is excluded from employment in a licensed setting. This can reasonably be expected to have an outsized impact on racial and ethnic minorities seeking to enter the mental health workforce.

To address this, the proposal includes outreach to educate providers and potential workforce members about how to understand their rights for appeal if a disqualification occurs. Minnesota's background study laws provide for many remedies where a person or employer can ask for reconsideration when a person no longer poses a risk to clients.

### IT Related Proposals:

The following costs have been determined for changes to the Licensing Division's Electronic Licensing Management System (ELMS) database system to support this new activity. These are complex and varied services, delivered in a variety of residential-, facility- and community-based locations, and the Licensing ELMS database is not currently capable of tracking provider functions across these varied settings. Adequately funding IT systems costs will enable providers to access a web-based application to apply for licensure, submit documentation electronically and request changes to services and license terms electronically. This will ensure that the licensing staff have tools available to regulate them in a consistent, fair and efficient manner.

| | Hours | Rate | Cost |
|---|---|---|---|
| Business Analysis | 1,965 | $78.72 | $154,684 |
| Development | 3,501 | $92.52 | $323,913 |
| Quality Assurance | 2,346 | $78.72 | $184,677 |
| Project Management | 401 | $78.72 | $31,567 |
| Total | **8,213** | | **$726,841** |
| State Share (50%) | | | $363,421 |

Ongoing maintenance cost per year is $145,368; State Share = $72,684.

### Results:

DHS will conduct a provider survey starting with the current state of the regulatory system and continuing through implementation of the first phase of development. The Department intends to survey providers throughout the additional phases of this project. Providers will rank the clarity and consistency of the feedback they receive, the level of effort required to schedule and respond to site visits from DHS, and the availability of DHS sponsored training or technical assistance to improve their practice. This will measure the extent to which the transition works for providers, and how time and resources previously used for approving providers is being redeployed in support of improved service quality.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 736 | 455 | 1,191 | 455 | 286 | 741 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total All Funds** | | | **736** | **455** | **1,191** | **455** | **286** | **741** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Licensing MH USS Admin | 260 | 314 | 574 | 314 | 314 | 628 |
| GF | 15 | Community Integration Admin | 289 | 248 | 537 | 248 | | 248 |
| GF | REV1 | Administrative FFP @ 32% | (176) | (180) | (356) | (180) | (101) | (281) |
| GF | 11 | Systems - ELMS MH USS @ 50% | 363 | 73 | 436 | 73 | 73 | 146 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Licensing – 1 for 9 & 2 for 6 mo. in FY20 | 3 | 3 | | 3 | 3 | |
| GF | 15 | Community Care Integration – 10 mo. in FY20 | 2 | 2 | | 2 | | |

## Statutory Change(s):

This proposal creates a new chapter of law, 245I. Repeals administrative rules as well as sections of state statute that are duplicative of the new chapter of law.

**Change Item Title: Building an Integrated Behavioral Health Care Continuum**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (16,429) | 1,502 | 542 | 553 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | **(16,429)** | **1,502** | **542** | **553** |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

The Governor recommends aligning the financial structure for mental health and substance use disorder treatment for people enrolled in Medical Assistance to facilitate integration between the two systems and ensure people with behavioral health needs have access to the full continuum of health care services. The Governor also recommends pursuing strategies to support people with mental health and substance use disorders to access housing to support their long-term recovery.

## Rationale/Background:

In Minnesota, the mental health and substance use disorder treatment systems continue to operate largely in silos and often in isolation from the broader continuum of health care. This is due in large part to differences between how the two systems are financed.

*Substance Use Disorder Payment*

Both mental health and substance use disorder services are covered under Medical Assistance. However, substance use disorder services have an additional layer of complexity – the Consolidated Chemical Dependency Treatment Fund (CCDTF). The CCDTF is the fee-for-service payment mechanism for substance use disorder services, regardless of whether the client is enrolled in Medical Assistance, and counties are responsible for a share of the treatment costs.

In a majority of counties, less than 50% of substance use disorder services are billed to Medical Assistance. However, many clients whose services are billed to the CCDTF appear to be eligible for Medical Assistance. Under this dynamic, the state is not maximizing federal funding and this inefficient use of funding sources burdens state and county budgets. In addition, an individual receiving services only funded through the CCDTF does not have coverage for any other health care service, including mental health care.

*Room and Board Funding Across Mental Health and Substance Use Disorder*

Payment for room and board for people in residential treatment, which is not eligible for Medical Assistance coverage under federal law, operates in two very distinct ways between mental health and substance use disorder treatment settings.

For residential substance use disorder services, room and board is billed as a distinct service to the CCDTF and the provider receives payment in the same manner as for a treatment service (e.g. provider bills and receives payment). For residential mental health services, the client must be enrolled in the Housing Support Program (formerly known as Group Residential Housing or GRH) through a county financial worker and the client may be

liable to pay a share of the room and board costs. The payment structure for room and board in mental health creates unnecessary complexity for providers, counties, and clients and is reimbursed at a lower rate than substance use disorder treatment.

*Housing options following residential treatment*
Data shows that many individuals receiving treatment are cycling in and out of residential treatment and homelessness. During state fiscal year 2018, 10,117 people exited residential mental health or substance use disorder treatment. Of those, nearly 1 out of every 8 people exited directly into homelessness. Of those that exited into homelessness, nearly 1 out of every 4 people re-entered a residential treatment facility within the same year.

## Proposal:

The goal of this proposal is to promote an integrated continuum of mental health and substance use disorder care that is connected with and facilitates access to other health care services and that supports people to transition to the community when they no longer need intensive treatment.

The proposal has four key strategies to accomplish this goal:

*Substance use disorder payment reform*
This proposal will align how treatment services are billed and paid for under Medical Assistance across mental health and substance use disorder services. To accomplish this, the county share for substance use disorder services paid for under Medical Assistance will be eliminated.

The current county share of 22.95 percent will still apply to individuals who are not enrolled in Medical Assistance and are receiving substance use disorder treatment that is paid for through the CCDTF. The goal of this change is to encourage counties to support individuals accessing substance use disorder treatment to become enrolled in Medical Assistance. This will also ensure these individuals have coverage for other health care and mental health services they are eligible to access and that the state is maximizing federal financial participation. This change will be effective July 1, 2019.

*Align payment for room and board in residential treatment*
This proposal seeks to create parity between how room and board is paid for residential mental health and substance use disorder treatment services. To accomplish this, residential mental health treatment will be paid for in the same manner as the current room and board payment system used for residential substance use disorder treatment and at the same payment rate. This will also remove the requirement that some clients pay a portion of their room and board while receiving residential mental health treatment. In addition, the county share for room and board will be eliminated. This change will be effective September 1, 2019.

*Presumptive Housing Support eligibility following residential treatment*
This proposal provides presumptive eligibility for the Housing Support Program for people leaving residential mental health or substance use disorder treatment. Under this proposal, a qualified professional will utilize a streamlined process to sign off on up to three months of Housing Support eligibility for a client upon discharge from a residential behavioral health program, and to connect the individual with a housing provider if one is available. This change will be effective September 1, 2019.

*Align state administrative funding for behavioral health to leverage additional federal funding*
This proposal changes how the administration of CCDTF is financed in order to provide greater transparency in CCDTF financing and eliminate recurring excess balances in the special revenue account. This change allows federal Medical Assistance revenues generated by the CCDTF to fully offset the cost of CCDTF services and transitions funding for the administration of substance use disorder services from the CCDTF administrative

special revenue account into the state's general fund. The CCDTF administrative special revenue account will be eliminated with the accumulated balance transferring to the general fund effective July 1, 2019.

This step will allow DHS to streamline how administrative oversight and operations of substance use disorder services are financed. DHS is designated as the state's substance use authority and administrative functions are funded almost exclusively by federal funds, either directly or by way of the CCDTF special revenue account. The current situation limits DHS' flexibility in managing substance use disorder programs and in coordinating administrative budgets across Community Supports and the DHS Central Office as a whole. The refinancing also generates a savings to the general fund in the process.

## Equity and Inclusion:

Two of the main person-centered goals of this proposal are to encourage counties to support individuals accessing substance use disorder treatment to become enrolled in Medical Assistance and to connect individuals with a housing provider if one is available when they complete treatment. While there will be a benefit to Minnesotans who have a behavioral health condition being enrolled in Medical Assistance and being connected with housing services, this proposal does not change access to mental health and substance use disorder services overall. Due to this, it is difficult to predict the impact that this proposal will have on equity and inclusion and does not specifically address Minnesota's disparities within mental health and substance use services for non-white residents.

## IT Related Proposals:

Changes to the MMIS system will allow residential mental health providers to charge the fund in the same manor substance use disorder facilities currently do. The estimated duration of the project to make these changes is 2 months.

MMIS Changes

| Process | Hours | FY20 Costs | FY21 Costs | FY22 Costs | FY23 Costs | Total Costs |
|---|---|---|---|---|---|---|
| Business Analysis | 90 | $7,110 | | | | $7,110 |
| Tech | 160 | $14,880 | | | | $14,880 |
| QA | 108 | $8,532 | | | | $8,532 |
| Project Management | 60 | $4,740 | | | | $4,740 |
| | | | | | | |
| Ongoing System Cost* | | $7,052 | $8,463 | $8,463 | $8,463 | $23,978 |
| **Total** | **418** | **$42,314** | **$8,463** | **$8,463** | **$8,463** | **$59,240** |
| State Share - MMIS 29% | | $12,271 | $2,454 | $2,454 | $2,454 | |

Changes to the MAXIS system will automate the process of tracking and notification of presumptive eligibility for people leaving residential treatment settings. The estimated duration of the project to complete these changes is 8-9 months. In the interim, county workers will complete the process manually.

MAXIS Changes

| Process | Hours | FY20 Costs | FY21 Costs | FY22 Costs | FY23 Costs | Total Costs |
|---|---|---|---|---|---|---|
| Business Analysis | 476 | $37,604 | | | | $37,604 |
| Tech | 860 | $79,980 | | | | $79,980 |
| QA | 668 | $52,772 | | | | $52,772 |
| Project Management | 401 | $31,679 | | | | $31,679 |
| Notices for approx. 500 GRH recipients being closed and 500 vendors | | $500 | | | | $500 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Ongoing System Cost* | | $40,507 | $48,608 | $48,608 | $48,608 | $137,724 |
| **Total** | **2405** | **$243,042** | **$48,608** | **$48,608** | **$48,608** | **$340,259** |
| State Share - MAXIS 55% | | $133,673 | $26,735 | $26,735 | $26,735 | |

The change to the MAXIS system to accommodate presumptive eligibility negates the need to complete a similar project for which MNIT received funding in 2017 related to presumptive eligibility for people leaving crisis settings. The cost for the current project has been offset by $17,000 MNIT received in 2017.

## Results:

- Percentage of individuals accessing substance use disorder services that have health care coverage.
- Number of readmissions to residential treatment.
- Higher percentage of people exiting residential treatment will access Housing Support opportunities.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|
| General Fund | (16,429) | 1,502 | (14,927) | 542 | 553 | 1,095 |
| HCAF | | | 0 | | | 0 |
| Federal TANF | | | 0 | | | 0 |
| Other Fund | | | 0 | | | 0 |
| **Total All Funds** | **(16,429)** | **1,502** | **(14,927)** | **542** | **553** | **1,095** |

| Fund | BAC T# | Description | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| GF | 35 | MA admin FFP to CCDTF Program | (10,699) | (17,539) | (28,238) | (17,950) | (17,832) | (35,782) |
| GF | 35 | Trans admin balance to CCDTF program | (23,855) | 0 | (23,855) | 0 | 0 | 0 |
| GF | 11 | Licensing Admin (7 FTEs) | 800 | 800 | 1,600 | 800 | 800 | 1,600 |
| GF | 15 | Behavioral Health Admin (22 FTEs) | 3,486 | 3,486 | 6,972 | 3,486 | 3,486 | 6,972 |
| GF | Rev1 | Admin FFP @ 32% | (1,372) | (1,372) | (2,744) | (1,372) | (1,372) | (2,744) |
| GF | 11 | MNIT – MAXIS changes @ 55% | 117 | 27 | 144 | 27 | 27 | 54 |
| GF | 11 | MNIT MMIS changes @ 29% | 12 | 2 | 14 | 2 | 2 | 4 |
| GF | 35 | Residential MH services | 6,653 | 8,871 | 15,524 | 8,871 | 8,871 | 17,742 |
| GF | 25 | Swap Housing Support residential MH svcs | (2,837) | (3,782) | (6,619) | (3,782) | (3,782) | (7,564) |
| GF | 57 | Discontinue MH Sustainability Grant | (1,594) | (2,125) | (3,719) | (2,125) | (2,125) | (4,250) |
| GF | 25 | Presumptive eligibility for housing support | 872 | 1,162 | 2,034 | 1,162 | 1,162 | 2,324 |
| GF | 35 | Assume County Share of MA paid services | 4,030 | 4,135 | 8,165 | 4,032 | 4,015 | 8,047 |
| GF | 35 | BHF – county Share of room & board | 5,274 | 5,153 | 10,427 | 4,707 | 4,617 | 9,324 |
| GF | 11 | GF for CCDTF systems cost | 2,434 | 2,434 | 4,868 | 2,434 | 2,434 | 4,868 |
| GF | REV2 | Lost indirect cost revenue | 250 | 250 | 500 | 250 | 250 | 500 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BAC T#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| **GF** | **11** | **Licensing existing staff** | **7** | **7** | | **7** | **7** | |
| **GF** | **15** | **BH CCDTF existing staff** | **22** | **22** | | **22** | **22** | |

## Statutory Change(s):

254B; 256I

**Change Item Title: Expand Transitions to Community Initiative**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 759 | 1,620 | 2,319 | 2,319 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 759 | 1,620 | 2,319 | 2,319 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends expanding the Transition to Community Initiative in order to help more people transition out of state-operated mental health facilities in a timely fashion once they have completed treatment.

### Rationale/Background:

The Transition to Community Initiative was established to reduce the time that individuals remain at the Anoka Metro Regional Treatment Center (AMRTC) or the Minnesota Security Hospital (MSH) after they no longer need the services provided at these two facilities. The initiative, which was established in 2013, provides access to a range of services, including home and community based waivers, flexible grant funding, intensive care coordination, and partnerships with providers and counties to address an individual's unique needs and challenges. By providing additional funding to cover community-based services and address the unique barriers faced by some individuals, the initiative promotes recovery and opens up beds at AMRTC and MSH for other individuals who need them.

The initiative has shown success in helping people with extremely significant barriers to successfully return to the community. Between July 1, 2016 and June 30, 2018, 302 individuals were discharged from AMRTC and MSH received services or support through the Transitions to Community Initiative.

Despite this success, the program has limitations which prevent it from having more of an impact. Currently, the initiative is only available to people at AMRTC and MSH. People in state-operated Community Behavioral Health Hospitals (CBHHs) face similar barriers but cannot access this support. In addition, some people in non-state-operated hospitals who are on the waiting list for AMRTC could be supported to return to their community instead of receiving treatment in a state-operated mental health facility if the right supports were in place. This would create additional capacity for state-operated facilities to serve those who truly need that level of care.

People over age 65 receiving intensive mental health care face an additional set of unique challenges. Programs designed to support individuals age 65 and older are often not sufficient to meet the complex needs of people who require intensive support for their behavioral health challenges. The lack of sufficient resources creates a barrier to an appropriate and timely discharge for this population.

These limitations restrict how quickly individuals can return to the community and limits the capacity of state-operated programs to serve people who need that level of care. In 2017, 410 individuals remained in AMRTC, a CBHH, or MSH when they no longer required that level of care, resulting in a total of 13,133 bed days. Of those, 24 people were over the age of 65 for a total of 1,636 bed days.

## Proposal:

This proposal expands the number of people eligible to be served by the Transition to Community Initiative as well as the types of resources that can be accessed. The goal of this proposal is to provide more individuals with the necessary resources, services and supports to leave state-operate facilities (or be diverted from an institutional stay altogether), and return to their community.

Expanding the Transitions to Community program will help reduce the number of individuals who remain in state-operated programs when they no longer require the level of care those programs provide. This will also allow individuals who do need a higher level of care to access it in a more timely fashion. In addition, this will provide relief to counties who are responsible for paying 100 percent of the treatment costs for individuals when they no longer meet medical necessity for care in a state-operated facility.

This proposal expands Transitions to Community Initiative as follows:

*Expand eligibility for the Transitions to Community Initiative*

The Transition to Community Initiative is currently limited to individuals receiving care at AMRTC or MSH. This proposal expands eligibility for the program to people receiving care at Community Behavioral Health Hospitals. It would also expand eligibility to people who are hospitalized, civilly committed and on the waiting list for admission to Anoka Metro Regional Treatment Center or a state-operated Community Behavioral Health Hospital but who could successfully returned to the community with the necessary resources, services and support.

It is anticipated that the newly eligible clients will begin receiving support through the Transition to Community Initiative in March 2020. DHS anticipates that with these changes the Transition to Community Initiative would be able to serve an additional 110 individuals by 2021.

An additional $500,000 in grant dollars will be needed annually to support the projected program growth as a result of expanding eligibility. This grant funding will be awarded to grantees via an RFP process and awarded to counties to provide services not otherwise funded that are essential components of individualized treatment plans.

With this proposal, there will also be an increase in the number of individuals served by the Transitions to Community Initiative who access home and community-based waiver services. The increase in home and community-based services waiver costs were calculated based on historical experience with the Transitions to Community Initiative as well as historical data about the population who will be newly eligible under this proposal.

*Increased capacity to support individuals age 65 and older*

This proposal expands the ability to support people age 65 and older to transition to the community. Specifically this proposal would allow an enhanced individual budget through the Elderly Waiver (EW) program for individuals who have complex needs, require intensive support to live in the community, and are eligible for the transitions to community initiative. The EW program funds home and community-based services for people age 65 and older who require the level of care provided in a nursing facility, but choose to reside in the community. This is the main cost driver in this proposal, but it is necessary in order to address the issue that individual budgets available under EW are often not sufficient to help people over age 65 with complex needs transition to a community setting. Federal approval will be required to make this change.

The EW costs were estimated based on DHS' past experience transitioning a similar population from a state owned psychiatric nursing facility into the community. The Brain Injury and Community Access for Disability and Inclusion waivers now allow people who are over 65 to return to these waivers if they have been enrolled in the past. Data showed that this would apply to about 25% of people over 65 at AMRTC. Since these individuals can move onto a disability waiver and would be covered under the existing Transitions work in current law, they are not accounted for in the fiscal impact for this proposal. The current law EW cap has been adjusted to account for increases tied to projected NF rate increases.

## Equity and Inclusion:

The Transition to Community Initiative is a tool for changing the mental health service system toward a more person-centered system. It has shown that the barriers to transition are not in the characteristics of the individuals themselves, but in the flaws in our service system—the gaps in services and funding makes it difficult to respond to each individual's unique needs. The Initiative provides a glimpse of what the future of our person-centered system could look like if we supported people to live integrated lives in the communities of their choice.

## IT Related Proposals:

There are no costs to the MAXIS system associated with the proposed expanded eligibility for MSA Housing Assistance. The following costs have been determined for changes to the MMIS system regarding expanding waiver eligibility. As the state share of both the initial and on-going costs round to less than $1,000, they have not been included in the overall cost of the proposal.

| | Hours | Cost |
|---|---|---|
| BA Hours | 8 | $490 |
| Development Hours | 8 | $670 |
| QA hours | 5 | $331 |
| Total Hours | 21 | $1,491 |
| State Share (29%) | | $432 |

Ongoing maintenance cost per year is $300; State Share = $86.

## Results:

To assess the effectiveness of this proposal we will measure the number of individuals, regardless of age, who successfully transition from AMRTC, MSH, CBHH, or off the AMRTC waitlist. Additionally, we will work with our community hospital partners to create a process to identify and measure the effectiveness of diverting individuals from our state-operated facilities via supports, services and resources to community partners.

With this proposal, the Transition to Community Initiative would be able to serve an additional 110 individuals by 2021. These individuals could live successfully in the community with the right supports but would otherwise be unable to be discharged based on insufficient resources and/or services without this proposal.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 759 | 1,620 | 2,379 | 2,319 | 2,319 | 4,638 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | **759** | **1,620** | **2,379** | **2,319** | **2,319** | **4,638** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 LW | MA waivers- EW | 217 | 949 | 1,166 | 1,637 | 1,637 | 3,274 |
| GF | 33 ED | MA elderly and disabled | 5 | 23 | 28 | 34 | 34 | 68 |
| GF | 33 LW | MA waivers- CADI | 37 | 148 | 185 | 148 | 148 | 296 |
| GF | 57 | Mental Health Grants | 500 | 500 | 1,000 | 500 | 500 | 1,000 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |

## Statutory Change(s):

256.478; 256B.092; 256B.49; and 256B.0915.

# Department of Human Services

## FY 2020-21 Biennial Budget Change Item

**Change Item Title: Community Competency Restoration Task Force**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 125 | 75 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 125 | 75 | 0 | 0 |
| **FTEs** | **0.50** | **0.30** | **0** | **0** |

### Recommendation:

Effective July 1, 2019, the Governor recommends increasing appropriations to Direct Care & Treatment (DCT) Operation in order to support the Community Competency Restoration Task Force.

### Rationale/Background:

The task force will engage stakeholders in a process to analyze current practices given the increasing numbers of mentally ill patients being court ordered for competency restoration. In Minnesota, individuals are admitted to state mental health beds through both civil and criminal court processes. Resources are enormously strained, largely because how patients are committed within Minnesota and pressure from the statute prioritizing admission for individuals in correctional settings.

It is critically important for Minnesota to look at this issue holistically – from the perspective of the person experiencing mental illness and across all the systems. To date, the conversations in Minnesota have focused on who is responsible for the treatment, care and education of these patients, and not focused on how we can look at the entire continuum of care – from the point of law enforcement involvement, incarceration, treatment, admission to community placement and/or return to a correctional facility or other setting.

Minnesota is unique in that there is no statutory language requiring the performance of competency restoration services; no state agency, local government or community provider currently has legal responsibility for these activities. As a result, there is a lack of clarity and understanding regarding the duties of the courts, jails, counties and state-operated services. Together, stakeholders need to come to consensus as to which entity or entities share responsibility for competency restoration and make suggestions to improve competency restoration in Minnesota.

### Proposal:

This proposal provides funding to compensate task force members and fund a a part-time staff position for 19 months to support the task force.

### Equity and Inclusion:

Since the passage of the priority admissions statute in 2013, DHS has experienced a significant increase in civilly committed patients referred to our facilities for admission directly from jail. Specifically, between 2014 (the first full year in which the Priority Admissions law was in effect) and 2018, admissions under the law increased 159%. This increase has resulted in displacement of patients who may have more severe needs but who are in community settings.

This proposal will allow stakeholders to come together to assess competency restoration and the increasing numbers of people with mental illness that are entering the criminal justice system.

## Results:

Through this process, we hope to achieve the following:

- Identify current services and resources available for individuals in the criminal justice system who have been found incompetent to stand trial and how these services could be expanded into the jails versus admitting clients into the state system;
- Analyze current trends based on the needs of individuals who are referred by county;
- Conduct case studies to identify risk levels of individuals, service usage, housing status and health insurance status prior to being jailed;
- Obtain information from other states on best practices for serving patients that are in need of competency restoration and ongoing education;
- Identify alternatives for competency restoration services;
- Develop recommendations that will address the growing numbers of people deemed incompetent to stand trial including increasing prevention and diversion efforts, providing timely competency evaluations, reducing the amount of time individuals remain in the system, exploring ways to provide competency restoration services in the community, and clarifying the roles of the counties and the state in providing competency restoration.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 125 | 75 | 200 | 0 | 0 | 0 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 125 | 75 | 200 | 0 | 0 | 0 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 65 | DCT Operation - Personnel Costs | 45 | 25 | 70 | 0 | 0 | 0 |
| GF | 65 | DCT Operations - Non-Personnel Costs | 80 | 50 | 130 | 0 | 0 | 0 |
| | | Totol GF Impact | 125 | 75 | 200 | 0 | 0 | 0 |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 65 | DCT Operations | 0.50 | 0.30 | 0 | 0 | 0 | 0 |

## Statutory Change(s):

None.

**Change Item Title: Increase Office of Ombudsman for Long-Term Care Staffing**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 892 | 1,021 | 1,021 | 1,021 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 892 | 1,021 | 1,021 | 1,021 |
| **FTEs** | **10** | **10** | **10** | **10** |

**Recommendation:**

The Governor recommends $1.913 million in the FY 2020-21 biennium for the Office of Ombudsman for Long-Term Care. This funding will support an increase in staffing levels which will improve the office's ability to act as consumer advocates for those receiving long-term care services. Currently, staff of the Office of Ombudsman for Long-Term Care are unable to fully meet the demand for services. The Governor recommends the addition of ten full-time equivalents (FTEs), including 9 full-time regional ombudsmen and 1 full-time deputy ombudsman.

**Rationale/Background:**

The Office of Ombudsman for Long-Term Care is a program of the Minnesota Board on Aging, as required by the Older Americans Act. The Office advocates for person-directed living, which respects individual values and preferences and preserves individual rights. Regional ombudsmen work with consumers, citizens, nursing homes, board and care, hospitals, home care, social service agencies, and public agencies to enhance the quality of life and services for individuals receiving health care and supportive services. The Office's work includes, among other areas, addressing elder abuse in Minnesota long-term care settings, protecting clients from retaliation, working to protect and expand resident rights, and providing information about health laws, assisted living provider standards, and increased protections in housing with services and assisted living.

The ombudsman staff act as independent consumer advocates who investigate complaints, offer information and consultations, and advocate for changes to protect the health, safety, welfare, and rights of long-term care consumers, at no charge to the consumer. The Office provides advocacy in a wide variety of settings, including nursing homes, the five state-run veterans' homes, boarding care homes, housing with services, assisted living, hospitals, and settings where home care and customized living are provided. Complaints investigated by the Office's regional ombudsmen can be initiated from a variety of sources, including consumers, family members, or staff. Regardless who initiates a complaint, the consumer is the client and provides direction to the regional ombudsmen. The Office works to resolve these complaints through mediation, education, and, if necessary, referrals. The Office also provides education about consumer rights to older and vulnerable adults, families, providers, and others, and works to intervene before concerning situations escalate.

The Office does not duplicate or replace the essential role of regulators or law enforcement in holding perpetrators accountable. Rather, Ombudsman staff promote healthy recovery and empowerment of abuse survivors and work to prevent abuse systemically in their regions. The Ombudsman seeks to be a source of support for survivors, ensuring that consumers have access to counseling, medical, and other supportive services.

The Office has seen a substantial increase in complaints regarding critical issues facing older and vulnerable adults. Between October 2016 and September 2017, there was a 43% increase in complaints about abuse, gross neglect, and exploitation (physical, sexual, emotional, financial, and gross neglect). This built upon the increase of 29% seen in these complaints in previous year. Complaints about restraints, activities and social services, diets, environment and safety, staffing, and some other areas each increased by 20% or more between October 2016 and September 2017. Additional staff is needed to address this increase in complaints.

In addition, many ombudsman staff currently spend significant amounts of time traveling. The Older Americans Act mandates that the Ombudsman program provide a statewide presence so that consumers have access to advocacy services. Consequently, many regional ombudsmen are assigned a large geographic regional area of coverage. There are regional ombudsmen in greater Minnesota who spend an average of over 80 hours per month traveling. Much of the work done by regional ombudsmen must be conducted in person in order to meet with facility staff, observe the environment, and communicate effectively with older and vulnerable adults. Providing additional staff will allow ombudsmen to focus more time on representing consumers.

The Office is to ombudsman offices in other states. The number of active beds per regional staff member in the Office is approximately 1/9,000 and the national average for an ombudsman's office is about 1/2,500. The most recent report by the National Opinion Research Center (NORC) at the University of Chicago determined that the number of active beds per staff member in Minnesota was the worst in the country, ranking 52 out of 52. Reducing this disparity of bed to staff ratio will allow staff to handle more casework and assist more consumers in protecting their rights and achieving a higher quality of life.

### Proposal:

The proposal will invest in 10 FTEs to fulfill the federal and state duties and requirements of the Office. The FTEs are as follows: 9 regional ombudsmen to receive, investigate, and work to resolve additional complaints from consumers, families, and providers and 1 deputy staff to supervise the work of the regional ombudsmen. The cost will also include space rental for the regional staff, travel and other supplies. Total cost before federal financial participation is $2.813 million in fiscal years (FY) 2020-21 and $3.002 million in FY 2022-23.

### Equity and Inclusion:

Increased funding will allow the Office to provide advocacy to more older and vulnerable adults facing issues such as abuse. The Office directly represents its clients and, through this work, is aware of the issues facing these individuals. The Office's work will help to reduce disparities for older and vulnerable adults in the use and enjoyment of their housing and services and their integration into the community. The Office promotes these goals by working to address issues affecting clients' quality of life and care and, when appropriate, helping clients to access housing and services in the community.

### IT Related Proposals:

There are no information technology impacts to this proposal.

### Results:

This proposal seeks to reduce the number of active beds per regional ombudsman, which are currently far above the national average. This funding measure seeks to reduce this disparity by adding full-time regional ombudsmen staff. As stated above, this current ratio is approximately 1 staff to 9,000 beds.

This measure also seeks to increase the number of resident complaints investigated by the office per year to about 6,000. Resident complaints are investigated as part of a case that a regional ombudsman opens and handles. Between October 2016 and September 2017, the number of resident complaints investigated by the office was approximately 3,500.

This proposal further seeks to increase the Office's number of information and consultations to approximately 4,000 (separate from the complaints investigated per month as part of a case). These are contacts to individual clients providing information and consultation about consumer rights, service options, and regulations that apply to long-term care facilities and in-home and community-based services, Between October 2016 and September 2017, staff provided approximately 2,500 of such information and consultations to individuals. In addition, this proposal seeks to increase the number of information and consultations given to others such as providers to approximately 2,000 annually (separate from the complaints investigated part of a case). Between October 2016 and September 2017, staff provided approximately 1,000 of such information and consultations.

Finally, this proposal seeks to increase the number of systemic advocacy cases, which are related to better meeting consumer needs through reform of state and federal legislation and the health care and social services sytem, to approximately 30 cases annually. Between October 2016 and September 2017, the Office had approximately 20 such cases. These cases address systemic problems affecting multiple clients at a facility.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 892 | 1,021 | 1,913 | 1,021 | 1,021 | 2,042 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 892 | 1,021 | 1,913 | 1,021 | 1,021 | 2,042 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 14 | CCOA admin- Regional ombudsman staff, Deputy Director | 1,122 | 1,241 | 2,363 | 1,241 | 1,241 | 2,482 |
| GF | 14 | Travel, space rental and other costs | 190 | 260 | 450 | 260 | 260 | 520 |
| GF | REV1 | 32 % FFP for CCOA admin | (420) | (480) | (900) | (480) | (480) | (960) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 14 | CCOA admin | 10 | 10 | | 10 | 10 | |

## Statutory Change(s):

No statutory changes are needed.

**Change Item Title: Civil and Criminal Coordination for the Protection of Vulnerable Adults**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 2,456 | 2,135 | 2,522 | 3,127 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,456 | 2,135 | 2,522 | 3,127 |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

The Governor recommends $4.59 million in FY 2020-2021 and $5.65 million in FY 2022-2023 for the protection of the state's vulnerable adults through grants for adult protective services to safeguard maltreated vulnerable adults and through enhancements to the common entry point known as the Minnesota Adult Abuse Reporting Center (MAARC) to improve civil and criminal investigation coordination.

## Rationale/Background:

The Minnesota Adult Abuse Reporting Center (MAARC) is the common entry point operated by the Commissioner of Human Services under Minnesota Statutes, section 626.557. MAARC operates phone and web systems for mandated reporters and the public to report suspected maltreatment of a vulnerable adult. Statute requires reporting to be available 24 hours a day 365 days a year. MAARC is required to make immediate notifications to: law enforcement for allegations which may also be criminal; county agencies for an emergency need for adult protective services for the vulnerable adult, or if the vulnerable adult has not been offered a sexual assault examination; medical examiner and Ombudsman for Mental Health and Developmental Disability; and to the lead investigative agency responsible for investigative response and protection of the vulnerable adult. Lead investigative agencies are counties, Department of Human Services – Office of Inspector General (DHS-OIG), and Minnesota Department of Health –Health Regulation Division (MDH-HRD). Lead investigative agencies and law enforcement are required to coordinate civil and criminal investigation and response to protect vulnerable adult victims and hold perpetrators accountable.

**24/7 MAARC IT Support**

*The total cost (federal and state share) is $300,000 per year for a total of $1.2 million over FY 2020-23. The state share is $150,000 per year for a total cost of $600,000 over the four years.*

MAARC operates 24/7. MAARC requires multiple state technology systems and applications to meet statutory requirements, protect vulnerable adults and coordinate civil and criminal investigation of alleged maltreatment. MN.IT does not have the capacity to provide 24/7 support of the IT system. As a result, non-IT program staff receive notifications from the call center when a systems component (for example, the phone system, SSIS connection through CITRIX, Agile web application, etc.) stops working. This causes a delay in addressing the outage and delays in referring reports to the agencies responsible to respond for protection of the vulnerable adult.

**Management dashboard**
*The total cost (federal and state share) is $1.624 million over FY 2020-2023. The state share is $812K over the four years.*

MAARC operates under a contract managed by DHS. The MAARC SSIS application does not include real time operations data for management, oversight or the ability to monitor statutory compliance. DHS must pull reports from the SSIS application and depend on reports provided by the contractor as the application has limited reporting ability. MAARC web reporting under Agile Apps has the capability for real time management reporting, but resources are not available to develop reports and dashboards for MAARC management.

DHS waits 24-48 hours for data uploads and is dependent on non-IT program staff visually matching over 2,000 nine-digit numbers for reports submitted to MAARC by the public and mandated reporters with required report referrals to law enforcement, counties and state agencies. DHS is unable to verify that MAARC reports are referred to county and state agencies, as required, for 24-48 hours.

Lack of real time data management poses risks to vulnerable adults and to DHS. Lack of a management dashboard inhibits DHS's ability to manage the contractor and to identify and remediate compliance issues. Lack of real time operations data has resulted in multiple audits, as risks from systems failures or referral errors or omissions were discovered. An operations dashboard supports timely protection of vulnerable adults, timely required referrals, and timely response by law enforcement and lead investigative agencies. Real time management data supports DHS in responsible contract oversight.

**Law Enforcement Notification and GIS mapping:**
*Total cost (federal and state share) is $1.549 million over FY 2020-2023. The state share is $817K over the four years.*

Immediate law enforcement notification is made by MAARC to over 340 law enforcement agencies. MAARC does not have access to technology to identify which law enforcement agency has jurisdiction for the allegation. The agency is determined by MAARC using information provided by the reporter for the city and county location of the incident and alleged victim. After determining the law enforcement agency with jurisdiction, MAARC enters the email address provided by that agency to send a secure email of the report. Law enforcement then requests and enters the passcode received to review the MAARC report.

Addresses provided by the reporter may not correlate to the law enforcement agency with jurisdiction for the report, which may result in notifying an agency without jurisdiction and delaying an investigation and protection response. Law enforcement must take time to obtain and enter passcodes. Errors can occur impacting law enforcement's ability to open notifications. Law enforcement must coordinate outside of MAARC to notify another law enforcement agency when MAARC refers a report based on information provided by the reporter, but the location was outside of that agency's jurisdiction and other law enforcement agency was responsible.

Mapping technology and application logic for law enforcement notification would support MAARC's correct identification of the law enforcement agency with jurisdiction for the alleged crime and efficient and timely report referral and response. Timely and accurate law enforcement notification is necessary for compliance and for coordination between law enforcement and the lead investigative agency responsible for response to the alleged vulnerable adult victim.

**Data Transmission between MAARC and Law Enforcement**
*Total cost (federal and state share) is $1.612 million from FY 2020-2023. Total state share is $806K over the four years.*

Law enforcement, as mandated reporters, are required to enter MAARC reports. MAARC is required to immediately notify law enforcement of civil reports which may also be criminal. Law enforcement must re-enter data from an existing incident complaint report into the MAARC web application to meet mandated reporter duty. They also must re-enter data received from a MAARC required notification into an incident complaint report resulting in duplicate data entry and diversion of resources from responding to the vulnerable adult victim and alleged perpetrator.

**State Grants**
*Invests $7.205 million over FY 2020-2023.*

In calendar year 2014, counties were responsible for adult protective services response to approximately 15,000 vulnerable adults who were the subject of 40% of statewide reports of suspected maltreatment. In calendar year 2017, counties were responsible for responding to approximately 53% of MAARC reports, including over 42,000 vulnerable adults. This represents a 95% increase year to year. DHS's coordination and oversight of the MAARC system is resulting in increasing awareness by the public and mandated reporters. Lead investigative agencies such as MDH-HRD and DHS-OIG, are increasingly aware of the need to coordinate with county agencies related to protection needs discovered by these lead investigative agencies during investigation of the MAARC report. Data on referrals by the OIG and MDH for emergency adult protective services are not captured in the data.

Protection of vulnerable adults who have been abused, neglected or financially exploited is accomplished by counties offering the vulnerable adult victim adult protective services. These services are dependent on funding counties receive from the Vulnerable Children and Adults Act, Title XX, state grants for adult protection and county tax revenue. Reform 2020 provided the first state funds ($3 million) dedicated to county adult protective services in grants to counties based on the number of MAARC reports opened by the county to investigate the maltreatment and offer services to safeguard the vulnerable adult. A 35% increase in vulnerable adults received adult protective services in response to a report of suspected maltreatment in the year following Reform 2020 grant allocations. State adult protective services grants to counties are allocated through the Vulnerable Child and Adult Act (VCAA). Title XX Social Services Block Grant federal funds allocated through VCAA are not stable. These federal block grants are slated for reduction or deletion annually. Federal funding is allocated to states for adult protective services. Statewide county expenditures for adult protection increased from $3.7 million in calendar year 2014 to $9.7 million in calendar year 2017.

This proposal creates a new formula to allocate new state grant funds for the sole purpose of adult abuse maltreatment investigations and adult protective services (similar to what was done in 2015 for child maltreatment) from $1 million to $2.6 million annually, with increases based on a 10% annual estimated percentage increase for MAARC reports. The new formula provides an opportunity for tribes to take a role as a lead investigative agencies responsible for adult protective services under this statute. The performance measure will be based on percentage of reports screened in based on state policy using the state required structured decision making tool until additional measures are approved by the Council for the Human Services Performance Management System. Performance measures will be used for county and tribal agencies.

## Proposal:

In CY 2017 over 50% of the 57,000 reports received by MAARC contained potentially criminal allegations requiring law enforcement notification. MAARC makes required notification to over 350 different law enforcement agencies by sending a secure PDF of the report to the agency, which is then reentered it into their system. Law enforcement, as mandated reporters of suspected vulnerable adult maltreatment, must enter reports into MAARC that already exist in their agency. This proposal supports MAARC issuing immediate notification to the law enforcement agency with jurisdiction for the criminal allegation, timely coordination between law enforcement and civil investigators protecting the vulnerable adult and provides a secure communication method between law enforcement and MAARC.

County agencies were responsible for adult protective services response for over 42,000 vulnerable adults who were the subject of MAARC reports. DHS estimates county agencies expended $9.7 million for adult protective services. $3 million in state grants are allocated for adult protective services under Reform 2020. Currently**,** state grants for adult protective services are not allocated to tribes and no tribal governments act as lead investigative agencies under the Vulnerable Adult Act. Allocations inconsistent with expenditures result in inconsistent responses to vulnerable adults across the state based on their county locations. Response varies from 0-90% of the reports being opened for investigation and adult protective services for vulnerable adults across the state. This proposal supports consistent adult protective services response and outcomes for vulnerable adults regardless of their location in the state.

This proposal includes:

- 24/7 Systems and application support for Minnesota Adult Abuse Reporting Center (MAARC);
- MAARC dashboard for real time IT operations management, compliance and contract oversight;
- GIS mapping to identify the law enforcement agency with jurisdiction for reported allegations;
- Data transmission between law enforcement and MAARC supporting efficient use of resources, reduction in unnecessary data entry and secure transmission between agencies;
- An initial 67% increase in FY 2020 for the dedicated state appropriation for county or tribal response to vulnerable adults who have been abused, neglected or exploited. In FY 2020, $1.0 million is added to the $3.0 million state grant base with an ongoing base adjustment of 10% each year through FY 2023. The 10% base adjustment is based on number of reports meeting state policy opened for investigation and services.

## Equity and Inclusion:

Tribes are not included in current state grant allocations for adult protective services. No tribes currently provide adult protective services under section 626.557. There is no state funding sources for tribes. This proposal, if passed, would bring equity between county agencies and tribes when a tribe assumes those duties for adult protective services and investigation under section 626.557 from counties.

## IT Related Proposals:

This proposal includes resources for MNIT to support the Minnesota Adult Abuse Reporting Center (MAARC).

| ***Category*** | ***FY 2020*** | ***FY 2021*** | ***FY 2022*** | ***FY 2023*** | ***FY 2024*** | ***FY 2025*** |
|---|---|---|---|---|---|---|
| Payroll | | | | | | |
| Professional/Technical Contracts | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Infrastructure | | | | | | |
| Hardware | | | | | | |
| Software | | | | | | |
| Training | | | | | | |
| Enterprise Services | | | | | | |
| Staff costs (MNIT or agency) | 2,582,134 | 1,939,245 | 632,036 | 632,036 | 632,036 | 632,036 |
| **Total** | 2,882,134 | **1,239,245** | 932,036 | 932,036 | 932,036 | 932,036 |

**Results:**

| *Type of Measure* | *Name of Measure* | *Previous* | | *Current* | *Dates* |
|---|---|---|---|---|---|
| Results | Human Service Performance Management System- Repeat substantiated maltreatment of a vulnerable adult. . Threshold 80%, High performance 95% vulnerable adults do not experience repeat maltreatment. | CY16<br><br>95.91% | CY17<br><br>95.81% | CY18<br><br>96.86% | Data reporting being re-evaluated. Additional measures to be added by the council |

**Fiscal Detail:**

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 2,456 | 2,135 | 4,591 | 2,522 | 3,127 | 5,649 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 2,456 | 2,135 | 4,591 | 2,522 | 3,127 | 5,649 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | 24/7 MAARC IT support | 150 | 150 | 300 | 150 | 150 | 300 |
| GF | 11 | Systems- SSIS 60% state share- VA Common Entry Point- Law enforcement notification | 92 | 92 | 184 | 37 | 37 | 74 |
| GF | 11 | MAARC IT costs- 50%- Agile Aps dashboard, Law enforcement- Geo Location map, MAARC web forms | 1,214 | 393 | 1,607 | 285 | 285 | 570 |
| GF | 46 | Adult Protection grants | 1,000 | 1,500 | 2,500 | 2,050 | 2,655 | 4,705 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

**Statutory Change(s):**
256M.40 & 256M.41

**Change Item Title: Assisted Living Report Card**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 1,707 | 21 | 1,620 | (80) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,707 | 21 | 1,620 | (80) |
| **FTEs** | **1.5** | **2** | **2** | **2** |

**Recommendation:**

The Governor recommends creating an assisted living consumer and family survey process and report card to establish quality reporting in assisted living and registered housing with services establishments. This proposal has four parts: (1) engage a stakeholder workgroup to help design assisted living quality measures; (2) pilot the measures, including piloting new data collection methods; (3) develop an online report card platform; and (4) fully launch and maintain the report card.

**Rationale/Background:**

Assisted living is a growing model of support to older Minnesotans who are looking for more accessible places to live that have services that help people live semi-independently. There are three components to quality in assisted living: (1) the assisted living setting which includes the quality and maintenance of the physical building space (provided by the housing with services establishment and governed by landlord-tenant law); (2) home care services (with compliance by the Minnesota Department of Health (MDH) Home Care and Assisted Living Program); and (3) services such as housekeeping or meal preparation. There are approximately 69,000 beds at registered Housing with Services settings in Minnesota, in about 1,700 sites. Many of these providers are enrolled to receive Medical Assistance payments for the services or home care provided within the setting. These three components may be offered by one company/provider, or the housing with services establishment and the arranged home care provider may be separate entities.

Unlike nursing facilities, data on the quality of the services provided in these settings is not easily accessible to the public. Providers have developed some quality information including awards and designations that offer consumers a way to compare one assisted living provider against another. However, the state-generated information related to quality is limited to home care surveys by the Minnesota Department of Health, and the Medicare Home Health Compare tool is limited to Medicare-certified home care providers.

As a payer of assisted living services for those eligible for Medicaid-funded home and community-based services waivers, DHS has an interest in ensuring that services provided in these settings are provided in a quality manner, support positive outcomes for people who live there, and are an effective investment of taxpayer dollars. Minnesota families who pay for assisted living services with their own funds also want to know that they are selecting quality providers and getting a good value for their money.

**Proposal:**

This proposal creates a report card to increase consumer information about assisted living facilities. The report card will assess all assisted living settings in Minnesota and will include measures from existing data sources, as well as new measures from new data gathered through consumer experience and family satisfaction surveys. Both private pay and Medical Assistance (MA) payer residents and their families would be surveyed starting in FY 2020 using the two surveys. These surveys will then be conducted every other year.

This proposal has four parts:

1) Design assisted living quality measures, with stakeholder engagement. This work has already begun through a contract with the University of Minnesota using existing resources. Measure development will continue, with stakeholder engagement, and conclude in late 2019.
2) September 2020: Pilot the measures.
3) January 2021: Develop an online report card platform to display the measures.
4) September 2021 to August 2022: Fully launch all measures, including those based on consumer and family survey results, and report results through the online report card.

Funding in this proposal will pay for:

- Quality measure development, including the facilitation of the stakeholder engagement process;
- Contract oversight;
- Implementation of new data collection through consumer and family surveys;
- Translatation of quality measurement data into report card ratings; and
- Resources to develop, implement, and maintain a report card website.

As evidenced in the Nursing Home Report Card, surveys of assisted living residents will increase transparency for assisted living consumers and their families, increase consumer information about the products available, and incent providers to increase quality.

This proposal will include contract costs for the resident experience survey and the family satisfaction survey. The resident experience survey will include an estimated 31,000 in-person interviews and 16,000 paper surveys delivered in-person with optional in-person interviews. The family survey will include a mailed survey for one family or friend for each resident which could include up to 50,000 surveys and 2,000 follow-up phone interviews.

The proposal costs will also include report card measure development including stakeholder development, testing of data collection instruments and ongoing refinement and development as new data becomes available through surveys and regulatory work. In addition, two FTE's will be needed for this initiative. The first FTE will analyze data from surveys and regulatory collection from the Minnesota Department of Health. The second FTE will develop the survey, measure development, and manage the contract.

In addition, grant funding was appropriated during the 2013 legislative session for developing the initial infrastructure for Home and Community Based Services report cards. The initial development of the report cards was granted, through the Minnesota Board on Aging, to the Area Agencies on Aging who pulled existing data on home and community-based service providers into the www.minnesotahelp.info website, developed online "finder" search tools highlighting features of providers, and tested the use of an online consumer review tool. The ongoing funding from this appropriation is $1,000,000 a year. This proposal will repurpose these existing funds as administrative funds to develop the first Home and Community Based Services report card for assisted living. To accomplish this, it is necessary to contract directly with a research entity to research, develop, and statistically analyze quality measures. Once the measures are established, these funds will be used to support ongoing data analysis to regularly update the measures and to support the development of measures for additional Home and Community-Based Services Report Cards.

## Equity and Inclusion:

DHS will build equity considerations into the design of the assisted living quality measures, with support from an outside contractor.

## IT Related Proposals:

MNIT will build a website tool for the public to view the results of the report card ratings. The work is estimated to take two years to fully complete the website and is estimated to cost a total $421,000 in development costs. The state share of this cost is 50%.

## Results:

The report card is a data-driven project. DHS will be able to track the improvement of assisted living providers by a wide array of provider characteristics and quality measurement results. The report card will provide data over time, which will allow DHS to understand trends in assisted living services delivery.

As with the Nursing Home Report Card, DHS plans to develop value based payment, or pay for performance, strategies. Through these strategies, public payment for customized living services delivered in Housing with Services settings could be varied based on a provider's quality measurement results.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|
| General Fund | 1,707 | 21 | 1,728 | 1,620 | (80) | 1,540 |
| HCAF | | | | | | |
| Federal TANF | | | | | | |
| Other Fund | | | | | | |
| **Total All Funds** | 1,707 | 21 | 1,728 | 1,620 | (80) | 1,540 |

| Fund | BACT# | Description | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| GF | 14 | CCOA admin- includes contract for survey, data and FTE's | 2,827 | 347 | 3,174 | 2,822 | 322 | 3,144 |
| GF | 11 | MNIT | 105 | 105 | 210 | 21 | 21 | 42 |
| GF | REV1 | Admin FFP for CCOA admin @ 32% | (905) | (111) | (1,016) | (903) | (103) | (1,006) |
| GF | 53 | Aging grants- existing grants | (1,000) | (1,000) | (2,000) | (1,000) | (1,000) | (2,000) |
| GF | 14 | CCOA admin transfer | 1,000 | 1,000 | 2,000 | 1,000 | 1,000 | 2,000 |
| GF | REV1 | Admin FFP @32%– transferring grants to admin | (320) | (320) | (640) | (320) | (320) | (640) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 14 | CCOA admin -2 FTE's | 1.5 | 2.0 | | 2.0 | 2.0 | |

## Statutory Change(s):

None

**Change Item Title: Licensed Home and Community Based Services (245D) Unit Funding**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds - SGSR | | | | |
| Expenditures | 1,192 | 1,192 | 1,192 | 1,192 |
| Revenues | (1,192) | (1,192) | (1,192) | (1,192) |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **10.0** | **10.0** | **10.0** | **10.0** |

### Recommendation:

The Governor recommends adequately staffing the Licensing Division's Home and Community-Based Services (HCBS) unit so that it is able to complete on-site licensing reviews once every three years. The proposal would also allow the Department to respond in a timely manner to licensing violations, appeals of licensing actions, and provider requests for technical assistance. Timely response to licensing violations and performing ongoing monitoring on a three-year schedule are keys to ensuring the safety and integrity of waiver services provided to Minnesotans. It would also bring the Department into compliance with its federal waiver plan.

Licensing fees would be increased to offset the costs of this proposal. HCBS providers pay fees in accordance with a fee schedule listed in Minnesota Statutes Chapter 245A.10, Subd. 4(b). Those fees range from $200 to $18,000 based on the provider's annual revenue from public programs. The current fee schedule is regressive: the license fees for the smaller providers are a much larger percentage of their public program revenue than is the case for the larger providers. Under this proposal, all licensed HCBS providers would see an increase in fees, but the percentage increase would be less for the smaller providers earning less in revenue. Conversely, the larger providers would see fee increases of larger percentages.

### Rationale/Background:

In 2012 and 2013, the Legislature enacted new and comprehensive home and community-based services licensing standards that combined 19 services, many of which were previously unlicensed, under one statewide license governed by standards in Chapter 245D, and shifted responsibility for certain licensing and maltreatment investigative functions from the counties to the State. Specifically, the Legislature recognized that because many waiver services were unlicensed, consumers did not have basic protections consistently applied or enforced, due to county variations in enforcement activities of these unlicensed services. Therefore, the Legislature transferred oversight of all licensed home and community-based services and maltreatment complaints from the counties to the state so that concerns about the quality of care or allegations of maltreatment of vulnerable adults receiving licensed waiver services are sent to DHS to investigate and take appropriate action. As a result, the number of licensed providers increased from 650 to 1,250 when new licensing standards took effect in 2014; the number of service recipients increased from 12,000 to 32,000.

In 2013, the Department advanced a fee structure that was not enacted; instead, the Legislature adopted a three-year interim license fee schedule for providers with a full conversion to fees based on revenues beginning in calendar year 2017. During the transition period to the fee schedule based on revenues, providers previously licensed under Minnesota Statutes, chapter 245B, paid an annual license fee for calendar years 2014, 2015, and

2016 equal to the total license fees paid under chapter 245B for calendar year 2013, which ranged as high as $74,000; previously unlicensed providers paid a license fee based upon revenue.

The interim fee schedule was also supplemented by a general fund appropriation. This appropriation was envisioned to be temporary until the Department completed a legislatively mandated cost-study report and proposed a new fee structure if warranted. Following the completion of the report, the Governor's budget proposed a new licensing fee structure in 2016 that would have funded the unit at a level to complete biennial visits. This proposal was not adopted, and the General Fund appropriation was made part of the Division's base funding. The Governor again proposed a new licensing fee structure in 2017 sufficient to fund 245D licensing activities at a two-year monitoring cycle, but again the licensing fee structure was not adopted. Provider trade associations opposed the new licensing fee structure each time.

The interim fee schedule expired in July 2016; beginning with calendar year 2017, all providers pay a fee based upon their revenue. However, with the significant increase in the number of licensed providers, the General Fund appropriation and the revenue-based fee schedule established in 2013 do not adequately fund the Department's work related to HCBS licensing activities under Chapter 245D so that the Department can inspect providers at least every three years. Moreover, in its federally approved waiver plans, the Department stated that it will inspect providers at least every three years. If no changes are made, the current fee schedule only allows for reviews of all providers once every four or five years.

Since the inception of HCBS licensed services on January 1, 2014, the number of services have expanded from 19 services to 26 services. The number of license holders has also increased significantly from 1,256 in fiscal year 2014 to 1,560 licenses at the end of fiscal year 2018 –- a growth of 24% -- and the number continues to increase in the first quarter of SFY19. In addition to the license holder's statewide program license, many license holders also have a significant number of facility licenses that fall under the HCBS license. For the year ending 2017 there were 310 day service facilities where people can receive a number of employment services and 3,566 community residential settings where people reside in corporate group homes receiving 245D services. Additionally, there are approximately 430 adult foster homes that are the homes of the license holders and persons receive 245D services from these individuals who also hold 245D licenses. Community residential settings and adult foster homes are routinely inspected by county agencies with a focus on the physical plant; however, the Department's licensors also visit a percentage of these settings to ensure the services are provided according to 245D standards. Day service facilities require ongoing site inspections from the Department. In short, more than 1,600 licensed providers deliver services to more than 33,000 disabled adults and children in more than 4,000 licensed settings or in the service recipient's own home. These additional settings licenses add complexity to the monitoring review.

As the number of providers and service recipients increases, so too does the number of licensing related complaints that the Licensing Division must respond to. Licensing complaints for 245D licensed providers increased by 16% from 2015 to 2017 and the number that warranted an onsite investigation after initial assessment doubled. The Licensing Division is struggling to meet the demands of investigating complaints while also staying current on scheduled monitoring reviews. With current staffing levels, providers are only reviewed on a 4.8 year cycle unless a poor compliance history warrants additional licensing reviews.

With this proposal, the Department would be able to provide licensing reviews at a 3-year interval. The Department would also be able to meet in a more-timely manner the additional needs of providers including technical assistance and training, application reviews and approvals, complaint investigations, and sanction activity related to providers with significant compliance issues.

## Proposal:

This proposal would provide adequate resources for the Department's Licensing Division's HCBS section to meet federal waiver plan, statutory, and policy requirements applicable to programs licensed to provide services under Minnesota Statutes Chapter 245D.

Currently, the Department conducts on-site reviews of 245D license holders on average of once every 4.8 years. Under this proposal, the Department would conduct an on-site review of each 245D license holder at least once every three years. Providers with licensing compliance concerns, including conditional licenses, would continue to receive heightened monitoring and assistance from the agency.

The table below shows the current and proposed fee schedules. As indicated in the table:

- Providers with annual revenue up to $5 million would see a 20% increase in fees. While still regressive, the new fee structure would be less regressive than the current model. Under the proposed plan, the average annual license fee would range from 0.16 – 2.4% of this group's annual revenue from public programs.
- Providers earning over $5 million in annual revenue would see their fee increase by 29% to 300%. While the percentage increase may appear significant, the average annual license fee for those large providers would range from 0.12 – 0.18% (less than one percent) of large providers' annual revenue from public programs.

## Equity and Inclusion:

Licensing activity related to 245D supports the provision of quality services to persons with disabilities and to seniors age 65 and older.

There are no anticipated negative effects to the identified group. We anticipate a significant positive impact to persons receiving services as more frequent licensing activity should increase compliance with health, safety, and rights standards.

The additional FTEs would support the current number of license holders. The Department will assess each year the census of providers related to the number of licensor FTEs.

## IT Related Proposals:

The Licensing Division created an online application and provider dashboard to facilitate electronic review of documents, pre-licensure requirements and provider requests for variance and change in terms. The proposal includes $200,000 annually to fund HCBS IT maintenance and improvements.

## Results:

| *Type of Measure* | *Name of Measure* | *Current* | *Projected* |
|---|---|---|---|
| Quantity | License review cycle | 4.8 years | 3 years |
| Quantity | Number of Licensed Providers Visited Annually | 300 to 400 per year | 800 per year |
| Quantity | Percentage of all licensed waiver providers reviewed or visited annually | 20% to 25% | 50% |
| Quantity | Number of Community Residential Settings monitored annually | 200 per year | 800 to 900 per year |
| Quantity | Number of Day Services Facilities monitored, annually | 70 per year | 150 per year |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| SGSR Expenditures | | | 1,192 | 1,192 | 2,384 | 1,192 | 1,192 | 2,384 |
| SGSR Revenue | | | (1,192) | (1,192) | (2,384) | (1,192) | (1,192) | (2,384) |
| | | | | | | | | |
| | | | | | | | | |
| **Total All Funds** | | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| SGSR | 11 | Licensing HCBS 245D Activities | 992 | 992 | 1,984 | 992 | 992 | 1,984 |
| SGSR | 11 | Licensing IT systems costs for HCBS services | 200 | 200 | 400 | 200 | 200 | 400 |
| SGSR | REV1 | 245D HCBS Providers Licensing Fees | (1,192) | (1,192) | (2,384) | (1,192) | (1,192) | (2,384) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| SGSR | 11 | Licensing FTEs | 10 | 10 | 10 | 10 | 10 | 10 |

## Statutory Change(s):

N/A

**Change Item Title: Adult Day Center Oversight Improvements**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 134 | 135 | 135 | 135 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 134 | 135 | 135 | 135 |
| **FTEs** | **2.0** | **2.0** | **2.0** | **2.0** |

### Recommendation:

The Governor recommends $135,000 per year ongoing to add 2.0 FTE adult day center licensors to provide additional support to the adult day center licensing activity.

The Department of Human Services (DHS) Licensing Division currently has 2.0 FTE licensors working with licensed adult day center services. The current base budget for adult day center licensure is $210,000 per year.

### Rationale/Background:

DHS licenses adult day centers according to standards in Minnesota Statutes Chapter 245A, the Human Services Licensing Act, and Rule 223.

Adult day centers were historically developed to serve seniors who needed supports – often located in or adjacent to a nursing home or hospital. Over time, centers have been developed independent of hospital or nursing homes and are now provided in an integrated manner in neighborhoods and communities. In addition, adult day centers have expanded their service base beyond seniors who needed supports to serve persons with disabilities. This has led to a significant increase in the number of licensed centers in the past two years. At the end of 2016, there were 165 licensed centers. As of December 1st, there were 210 licensed centers. This is an increase of 27% in just under 2 years.

Along with the increase in the number of licensed centers has been an increase in the number of centers that show substantial concerns regarding non-compliance with licensing standards. This has increased the severity of licensing sanctions that DHS has taken with some centers, which requires substantial amounts of staff time. This concern regarding non-compliance was highlighted in a report from the Office of Inspector General (OIG), U.S. Department of Health and Human Services (May 2018 A-05-17-00009). Based on information provided by the state, the federal OIG visited 20 adult day centers and found non-compliance at all centers. While the nature and severity of the non-compliance varied greatly, DHS recognized and agreed with many of the federal OIG's conclusions. Of particular concern was the identification of the lack of observable services during their visits. DHS has focused on these centers and others with similar concerns; however, the number of licensors limits the amount of action and support that DHS can provide.

Previously, two FTEs were adequate to provide the required licensing activity and oversight when there were far fewer centers and there were not the substantial compliance concerns that exist today. However, with the growth in the number of programs and significant concerns about non-compliance in areas related to health and safety, DHS is unable to adequately provide oversight within desired timeframes.

This proposal would allow DHS to provide licensing reviews at a 2-year interval. Current staffing supports a 4-year licensing review cycle.

## Proposal:

This proposal would provide adequate staffing to meet statutory and policy requirements of licensing activity related to adult day centers. With this proposal, DHS' Home and Community-Based Services Licensing section would be able to conduct on-site reviews of licensed adult day centers at least once every two years. Adult day centers with licensing compliance concerns, including conditional licenses, would continue to receive heightened monitoring and assistance.

This proposal has a net General Fund impact of $135,000 per year to add 2.0 FTE adult day center licensors to provide additional support to the adult day center licensing activity and provide biennial reviews of adult day care centers.

The additional FTEs will support the current number of license holders. DHS will assess each year the census of adult day centers related to the number of licensor FTEs.

## Equity and Inclusion:

Licensing activity related to adult day centers primarily supports the provision of quality services to seniors who need supports and persons with disabilities.

There are no anticipated negative effects on the impacted group.

## IT Related Proposals:

N/A

## Results:

| ***Name of Measure*** | ***Current*** | ***Projected*** |
|---|---|---|
| License review cycle | 4 years | 2 years |
| Number of regular on-site reviews conducted annually | 50 | 100 |
| Percent of adult day centers that receive regular on-site reviews annually | 25% | 50% |

## Fiscal Detail:

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 134 | 135 | 269 | 135 | 135 | 270 |
| | | | | | | | | |
| **Total All Funds** | | | 134 | 135 | 269 | 135 | 135 | 270 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Licensing Adult Day Center Activities | 198 | 199 | 397 | 199 | 199 | 398 |
| GF | REV1 | Administrative FFP @ 32% | (64) | (64) | (128) | (64) | (64) | (128) |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Licensing FTEs | 2 | 2 | 2 | 2 | 2 | 2 |

## Statutory Change(s):

N/A

**Change Item Title: Simplify & Streamline the Home & Community-Based Waiver System**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 2,180 | (91) | (3,061) | (1,765) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 2,180 | (91) | (3,061) | (1,765) |
| **FTEs** | **11.5** | **14.5** | **12.5** | **9.5** |

### Recommendation:

The Governor recommends initiating a strategic redesign of the Disability Waiver Service System to promote equity, program sustainability, and increased personal authority for Minnesotans with disabilities receiving services, while updating management strategies for increased efficiency and accountability.

### Rationale/Background:

Over 47,000 Minnesotans with disabilities live, work, and engage with their community with support from disability home and community-based services waiver programs administered by the Minnesota Department of Human Services (DHS), and counties and tribes. The four disability waivers – the Brain Injury (BI), Community Alternative Care (CAC), Community Access for Disability Inclusion (CADI), and Developmental Disabilities (DD) waivers – have different eligibility criteria, different services, distinct administrative requirements, and different resource allocation methods. While the programs provide critical supports, people with disabilities and other stakeholders agree that the disability waiver system is complex and could be easier to understand and use.

The 2017 legislature required the state to conduct two studies to:

1) Identify efficiencies, simplifications, and improvements through reconfiguring the waiver program structures (Minnesota Laws 2017, Article 18, section 2, Subd. 7(h)); and
2) Recommend an individual budgeting model for disability waiver recipients, linking a person's needs to the amount spent in their service plan (Minnesota Laws 2017, Article 18, section 2, Subd. 7(c)).

Together these studies are known as the Waiver Reimagine project. DHS contracted with the Human Services Research Institute to identify ways to make the waiver programs easier to understand, more efficient to administer, more equitable and more person-centered.

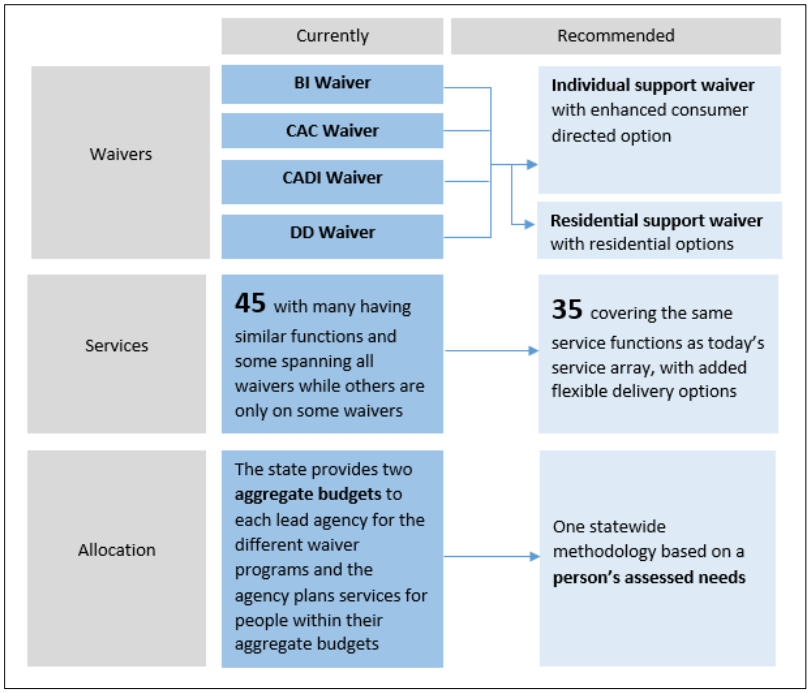
Throughout 2018, DHS and stakeholders worked to develop the project recommendations. Central to the project was extensive stakeholder engagement across the state and comprehensive research spanning the state, counties, and tribes. The project team conducted over 30 meetings and 14 focus groups that collected feedback from people with disabilities, families, advocates, providers, and lead agencies in every county in Minnesota.

The project also conducted a comprehensive review of the possible HCBS federal funding sources available to states, successes and challenges experienced by other states that attempted similar efforts, and data analyses of Minnesota's existing services that support people with disabilities.
Based on the work during this period, the project recommended:

- Combining the four disability waivers into a two waiver structure that reflects support needs based on the type community living setting an individual resides in;
- Standardizing and simplifying the services available under the new two-waiver structure so that service options are understandable to people and families; and
- Allocating resources using an individual budget allocation method that links a person's needs to a range of service plan costs.

The Waiver Reimagine legislative report, which was released in January 2019, provides a detailed explanation of the project, including the analysis, stakeholder engagement, and recommendations. The figure below illustrates the differences between the current waiver system and the Waiver Reimagine recommendations. Together these recommendations will provide a streamlined, understandable system.

*Waiver Reimagine Project recommendations*




Given the scope of these changes, DHS recommends implementing the recommendations in a two-phase process. Both phases would require legislative and administrative activity. The first phase, beginning in fiscal year 2019, would prepare the system for the transition to a new waiver structure and finalize implementation plans. The second phase will require legislative changes during the 2021 legislative session and federal approval of program changes. The table below illustrates the high level tasks in each phase:

| Phase 1: FY2019-2021 | Phase 2: FY2022-2023 |
|---|---|
| • Continued stakeholder engagement<br>• Statute, rule, policy, and waiver plan review and modification<br>• Technical system development<br>• Streamline services available<br>• Enhance resources available to people and families about their supports<br>• Finalize budget allocation method | • Seek legislative approval in 2021 session<br>• Seek federal approval post 2021 session<br>• Continued stakeholder engagement<br>• Prepare a communication and technical assistance plan<br>• Implement a transition to new waiver and allocation structure |

**Proposal:**
This proposal makes crucial changes to the four disability waivers to begin implementation of Waiver Reimagine Project recommendations. This proposal will:

- Streamline services available under the existing four disability waivers to align the service menu and to prepare for future reconfiguration;
- Finalize and prepare for implementation of an individual budget methodology;
- Require the preparation for aligning the four disability waivers into a consolidated two-waiver structure;
- Develop strategies for value-based payment and integrated support models; and
- Enhance resources available to people and families about their supports.

***Streamlining the service menu***
This transformational shift begins to implement the Waiver Reimagine project recommendations to simplify the service system for people with disabilities and their families and prepare the service delivery system for phase two of a new waiver structure. The table below summarizes these changes.

| Services | Summary of Changes |
|---|---|
| **Residential Services** | Currently services have different names under the different waivers. This proposal:<br>• Consolidates 6 services into 4 based on where it takes place: corporate, family, and single-unit<br>• This includes a new service (Integrated Community Supports) to support people in single-unit settings such as apartments and tiered standards for Customized Living to comply with federal standards<br>• Requires a study on the rate methodology for family foster care services |
| **Day Services** | Currently services have different names under the waivers and some waivers do not include all service functions. This proposal:<br>• Consolidates 4 services into 3 based on function: basic health/social needs (adult day); develop/maintain life skills (day support); and develop general work skills (prevocational services)<br>• To comply with federal standards, discontinues the use of Adult Day for new recipients and incorporates time limits for prevocational services<br>• Modifies the rate methodology for all services to align with cost research |
| **Individual Support Services** | Currently services within each waiver and across different waivers have very similar functions. This proposal:<br>• Consolidates 7 services into 3 based on function: support with daily living; support with skills and training development; and support with skills and training development that includes assisting a person's family<br>• Enables remote and shared provision of services |

This proposal streamlines services available across the four waivers, clearly defines services based on the setting it is provided in, adds innovative new service options, and makes service choices easier to understand. This proposal decreases the number of services that provide similar types of support, improving program understanding for people with disabilities, their families, service providers, and lead agencies.

These changes will impact program spending under the disability waivers. All service changes will be implemented on January 1, 2021, except for implementation of Integrated Community Supports (ICS) on the CAC and DD waivers will occur on January 1, 2023. This proposal includes two temporary FTEs to manage service consolidation and develop communications; one FTE to support implementation of ICS in conjunction with federal requirements, four temporary FTEs to support provider enrollment and assistance to providers, and one licensor.

***Disability waiver reconfiguration***
This proposal takes preliminary steps toward consolidation of the BI, CAC, CADI, and DD waivers into two home and community-based services waivers:

- One waiver that serves individuals living independently or at home with family, including a Consumer-Directed Community Support option; and
- One waiver that serves individuals living in residential settings.

In order to implement this reconfigured structure, the state must update existing systems; identify and adapt statutes, rules, and policies; develop a proposed waiver plan for submission to CMS; and continue engaging with lead agencies, service providers, and people with disabilities about this change.

Beginning July 1, 2019, this proposal allocates resources to continue developing this reconfiguration plan, with the requirement of providing an implementation proposal to the Legislature in the 2021 session. This proposal includes 3 FTE for planning future waiver redesign. These FTE's will conduct research and analysis of existing systems, statutes, rules, and policies. These FTE's will also communicate, conduct outreach and engagement, and train counties, providers, individuals receiving services, and their families. Funding will also include $100,000 per year for planning and resource costs. There is also 1 temporary FTE (through 2023) to help coordinate federal requirements and work with CMS.

***Individual Budget Model***

In conjunction with waiver reconfiguration, this proposal provides planning resources to transition the resource allocation methodology from a lead agency budget model to an individualized budget model across all waiver programs. Beginning July 1, 2019, this proposal provides resources for this development and a requirement for a final implementation plan to the legislature by January 2021.

The recommended individual budgeting methodology that determines a service cost range for each person based on the their assessed needs and living arrangement will replace the current Consumer-Directed Community Supports (CDCS) methodology. The model promotes transparent and flexible budgeting to provide valuable information to each person with disabilities and, as appropriate, their family about their budget range as they plan for services.

Budget model development will be done in conjunction with other changes identified in this proposal. To implement the recommended individual budgeting methodology, the state must:

- Update existing technical systems to calculate and store the budget based on the MnCHOICES assessment and community support plan;
- Update existing systems to provide individuals online access to view their budget and support plans;
- Rebase the initial budget methodology to incorporate changes that occur with the MnCHOICES 2.0 assessment, and service rates;
- Identify and adapt policies;
- Develop and submit waiver plan amendments to CMS; and
- Continue engagement with lead agencies, service providers, and people with disabilities to plan for, implement, and evaluate this change

This proposal includes necessary resources for implementation. . This includes 2 temporary FTEs to conduct research and coordinate with counties on allocations, waiver management system transition, outreach to individuals and stakeholders on impact and implementation of individual budgeting. This also includes contract funding to finalize the budget model and conduct annual reliability and validity testing.

***Value-based payment strategies***

As the state prepares for a transition to a new waiver structure, this proposal will require the Commissioner to conduct a study on value-based payment strategies for fee-for-service home and community based services. This proposal requires an October 2020 report detailing identified strategies to increase the quality, efficiency, and effectiveness of services and supports through integrated systems and outcome-based payment methodologies.

***Supporting people and families***

This proposal enhances the resources available to people as they plan for their services and lives by providing the following tools and support:

- **Access to service and life planning resources-** better connect people with disabilities and families who support them to planning resources.
- **Benefits planning-** Increase funding dedicated to optimizing the statewide capacity for individualized benefits planning services for people who receive disability-based public assistance benefits.
- **Regional support for person-centered practices**- to extend and expand regional capacity for person-centered practices to align policy and practices, by building on work that began in 2015.

Enhancing the resources available to people with disabilities and their families, this proposal also includes:

- $50,000 per year to expand the Disability Hub for families, $50,000 per year for Life Course materials, $100,000 for small innovation grants for families in FY 2020 and $200,000 ongoing; and .5 CSA FTE on an ongoing basis to provide staff dedicated to supporting families
- $600,000 in additional funds each year for the Disability Hub to support benefits planning. These grants are eligible for 50% FFP due to the work related to eligibility.
- Grant funding to support regional cohorts for person-to-person planning and 1 CSA FTE to administer the grants. In FY 20-21, there will be two regional cohorts and then it is expanded to five cohorts by FY 2023. Regional cohorts will receive multi-year training, coaching and mentoring to use person-centered and collaborative safety practices in ways that benefit people served, employees, organizations, and communities to achieve systems change with measurable positive outcomes.

The full impact of the changes concerning the competitive workforce factor will occur when the banding period ends. This analysis is based on the February Forecast, which assumed that the banding period would end on December 31, 2019.

### Equity and Inclusion:

This proposal affects over 47,000 Minnesotans with disabilities across the state who receive home and community-based services on the BI, CAC, CADI and DD waiver programs. This proposal implements strategies that will promote equitable distribution of resources across the state by streamlining the system to make it easier to navigate and restructuring the system to be centered around people's needs. We are committed throughout the restructuring of the home and community-based services system to create improved opportunities to measure and address disparities people receiving waiver services experience.

The individual budget model developed through this proposal will enhance equity across the state by distributing waiver service dollars based on a person's individual needs, regardless of waiver program and regional location.

This proposal will enhance the authority, flexibility, and accountability people with disabilities and their families' exercise over their services by providing information about the budget available as well as providing resources that people can choose to use to help them plan for services. These strategies will support all people with disabilities and families by providing more information to help them plan for their future and choose the right service at the right time.

### IT Related Proposals:

This proposal will require programming changes to MMIS and the MnCHOICES Support Planning Application. This proposal requires systems changes in MMIS to incorporate new procedure codes, frameworks, and edits. Also, systems changes are needed for creating new procedure codes and updating rule and logic in MMIS service agreements and claims and updating all reporting requirements for federal reporting.

The funding will also include building an individual portal for support planning and building merged categories for individual budgeting in MNCHOICES.

MNCHOICES is assumed to have a 50% state share, MMIS has a 29% state share and other systems are assumed to have a 50% state share.

## Results:

This proposal will result in increased access to the right service at the right time. Changes in service access will be measured through standardized access measurements defined and established through the Home and Community Based Services Access Project currently being conducted through calendar year 2018.

This proposal also seeks to improve the experiences of people with disabilities accessing disability waiver programs as measured through the National Core Indicators and LTSS Improvement Tool efforts.

This proposal will provide resources to people with disabilities and their families to assist in planning their future and making decisions about their services. Surveys and website data will be conducted to determine the usage and effectiveness of tools.

This proposal will expand the capacity to provide quality benefits planning and as a result will help reduce the barrier of fear of the impact work could have on benefits many people face. The following performance measures would be implemented: increase the number of people who have more monthly income and equal or better healthcare coverage after benefits counseling; increase the number of people who are interested in work and have community employment as a goal in their service plan; and increase the number of people who have a benefit plan associated with working.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 2,180 | (91) | 2,089 | (3,061) | (1,765) | (4,826) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 2,180 | (91) | 2,089 | (3,061) | (1,765) | (4,826) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | MA LW- Individualized Home Supports | 0 | 218 | 218 | 995 | 3,564 | 4,559 |
| GF | 33 | MA LW-SLS 15 minute | 0 | 190 | 190 | 1,860 | 2,294 | 4,154 |
| GF | 33 | MA LW- Pre-Voc requirement | 0 | 110 | 110 | 1,098 | 1,375 | 2,473 |
| GF | 33 | MA LW- Day Services Framework changes | 0 | (550) | (550) | (5,195) | (6,817) | (12,012) |
| GF | 33 | MA LW - Repeal future ILS Specialist Service | (195) | (3,034) | (3,229) | (3,989) | (4,429) | (8,418) |
| GF | 33 | MA LW - Remove DT&H Partial Day Unit | 0 | (34) | (34) | (316) | (120) | (436) |
| GF | 15 | CSA admin- Disability Services | 2,165 | 1,862 | 4,027 | 1,328 | 1,328 | 2,656 |
| GF | 55 | Disability Grants | 1,074 | 1,286 | 2,360 | 1,398 | 1,510 | 2,908 |
| GF | 13 | Health Care Administration- Federal relations, provider relations | 139 | 458 | 597 | 465 | 142 | 607 |
| GF | 11 | Licensing | 0 | 0 | 0 | 114 | 99 | 213 |
| GF | REV1 | FFP @ 32% | (1,037) | (1,042) | (2,079) | (910) | (802) | (1,712) |
| GF | 11 | Systems | 34 | 445 | 479 | 91 | 91 | 182 |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 13 | HCA admin | 2 | 5 | | 4 | 1 | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| GF | 11 | OIG Licensing | | | | 1 | 1 | |
| GF | 15 | CSA admin | 9.5 | 9.5 | | 7.5 | 7.5 | |

## Statutory Change(s):

245A, 245D, 252, 256B

**Change Item Title: DWRS Competitive Workforce Factor**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 1,803 | 39,010 | 52,510 | 16,877 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,803 | 39,010 | 52,510 | 16,877 |
| **FTEs** | **0** | **0** | **0** | **0** |

**Recommendation:**

The Governor recommends incenting recruitment and retention of the direct care workforce through modifications to the Disability Waiver Rate System (DWRS). This proposal will enable the state to better address the current unprecedented challenges experienced by service providers in attracting and retaining quality direct care staff for disability home and community based services waivers by investing in wage and benefit increases to direct care staff, as well as enabling the rate formulas to keep pace with changing economic conditions.

**Rationale/Background:**

In 2013, the Minnesota legislature authorized the Department of Human Services to implement a statewide rate setting methodology for disability waiver services. The new system (Disability Waiver Rate System or DWRS) established a consistent formula in statute for setting rates for disability waiver programs - Brain Injury (BI), Community Alternative Care (CAC), Community Access for Disability Inclusion (CADI), and Developmental Disability (DD) waivers. Minnesota was under a corrective action plan with the federal Centers for Medicare and Medicaid Services (CMS) due to inconsistent rate setting methods throughout the state. Failure to comply with the corrective action plan jeopardized all federal funding of the disability waivers. Implementation of the DWRS, as well as other changes required by the corrective action plan, brought Minnesota's four disability waivers into federal compliance.

Under the direction of CMS, DWRS established rate formulas (called frameworks) that are based on the statewide average costs required for Home and Community Based Services (HCBS) waivers. These rate frameworks ensure that the state pays the appropriate value for the service and that people have equal access to needed services throughout the state. State statute details the rate setting frameworks, including the value of each cost component used to calculate rates. Cost components vary by service and include factors such as staff wages, employee benefits, employer-paid taxes, paid time off, indirect staff time, and program expenses.

After implementation of this system in 2014, the state conducted in-depth analysis on the cost of providing home and community based services waivers, the impact of the implementation of DWRS, and the changing economic conditions related to the direct care labor market. This proposal is a result of that analysis. After implementing this cost-based, prospective reimbursement model, the solutions in this proposal were identified as data-based mechanisms in the payment structures that could address challenges experienced in the direct care workforce in order to promote equitable service access to people across the state.

## Proposal:

Qualified and available direct care staff are the cornerstone of home and community-based services that help people live and work in their homes and communities. As the demand for long term services and supports grows with shifting demographics and the supply of direct care staff decreases with the changing economy, the state should enact solutions that attract and retain workers in the labor market.

This proposal modifies existing language in the rate setting for Minnesota's disability waivers to provide data-based solutions to the state's workforce challenges. This proposal will achieve the following outcomes:

- **Address challenges in the direct care workforce by investing in wage and benefit increases to direct care workers**
  The average wage paid to direct care staff is significantly lower than the average wage of workers in competing occupations. This proposal adds a Competitive Workforce component of 4.70% to service rate formulas dedicated to increasing direct care staff compensation. This change will enable the state to better address challenges in attracting and retaining quality direct care staff to meet the demands of people needing support across the state.

- **Enable the rate formulas to keep pace with economic changes**
  This proposal adjusts the frequency that rate formulas are adjusted according to changes in inflation from every five years to every two years. This change will help the state address challenges in retaining and attracting direct care workers by enabling the rate formulas to regularly keep pace with the quickly changing economy.

- **Enable the state to assess HCBS direct care labor market trends and provider costs over time**
  This proposal recommends an annual Direct Care Workforce Report that will assess the health of the labor market over time. This proposal also makes changes to current legislative reports on the DWRS rate formulas to add important outcome measures related to rate setting, provider costs, and the changing economy.

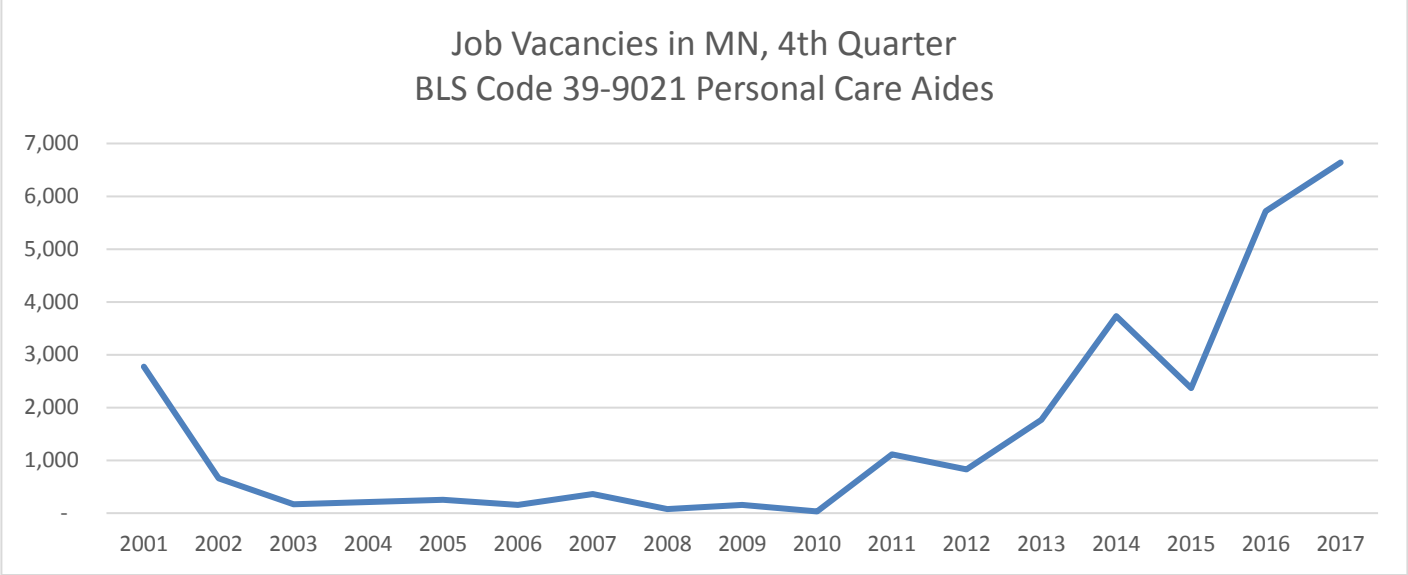
Altogether, the components of this proposal will result in service rates that improve compensation to recruit and retain a qualified direct support workforce and help ensure that rate formulas support access to needed services across the state.

**Competitive Workforce Factor**

This proposal will help the state of Minnesota address challenges in attracting and retaining qualified direct care staff in the home and community based service industry by incentivizing direct care staff compensation increases. The direct care workforce is not keeping pace with the growing demand of an aging population and persons with disabilities who need services and supports. Minnesota has about 135,000 persons in the direct care/support professions and will need an additional 59,000 in the coming years to meet the demand of service needs.

In addition to the growing demand for services due to demographic changes in the state, supply in the direct care labor market is particularly impacted by changes in the economy. While other industries may have the capacity to be agile in responding to changing economic conditions, the direct care industry is heavily reliant on human capital and revenue, especially in disability services, based exclusively on government-set funding. In many instances, service providers are competing for workers with other industries that are able to offer more incentives, while the job of direct care work may be more challenging than competing occupations.

Vacancies in the direct care labor market are drastically increasing. The graph below details the estimated vacancies from MN Department of Employment and Economic Development's Job Vacancy Survey. This graph shows the estimated job vacancies over time in Minnesota for employees classified under the Bureau of Labor Statistics code for Personal Care Aides, which many times includes PCA staff, staff in day services, and staff in residential services.




While this data includes all jobs designated in this category and goes beyond the services paid for and provided under the disability waivers, it illustrates the current condition of the industry in Minnesota. The risk of not having an adequate labor pool for the direct care workforce of home and community based services provided under the disability waivers could dramatically impact people's lives and limit their ability to receive care in their homes and communities.

The state has been concerned about these challenges in the direct care workforce for several years and many people have worked together to recommend strategic solutions. In 2016, DHS hosted a Direct Care/Support Workforce Summit of over 200 people comprised of direct care workers, persons receiving support, provider organizations, advocates, higher education, and state and local government. Of the solutions identified, increasing staff wages was the top solution. Staff wages in the direct care field are low and many times are comparable to or below other industries with fewer demands of the employee.

In March 2018, the Cross-Agency Direct Care and Support Workforce Shortage Working Group submitted a recommendations report to the Olmstead Subcabinet. This report laid out a strategic vision for tackling the crisis in the direct care and support workforce. In July 2018, the group submitted a work plan that recommended defined strategies. The content of this proposal, increasing direct care staff wages and benefits and providing a mechanism to track and analyze the direct care workforce, were two proposed strategies in the work plan.

The Disability Waiver Rate System (DWRS) sets rates for most services provided under the disability waivers. The DWRS rate frameworks are composed of average costs incurred by providers across the state. The costs incorporated in the rate frameworks include factors such as direct care staff wages, employee benefits including health insurance, service costs, and administrative costs. The primary driver in the rate calculation is the direct care staff wage. This value is based on the statewide average hourly wage for applicable occupations, per Bureau of Labor Statistics data. These wages in the frameworks range from $12.27 to $33.42. The wage value in residential services is $13.53 and the wage in day services is $15.30. The weighted average wage in the frameworks across all services is $14.03.

This proposal will incorporate a new factor to the rate formulas, a Competitive Workforce Factor, which will increase the direct care staff wage value to a level that is competitive with the average wage paid to employees in other competing industries. This factor is based on research published in the work plan submitted to the Olmstead subcabinet. This research compared all Bureau of Labor Statistics occupation codes that have the same education, experience and training requirements as direct care staff in home and community based services. The analysis found that the average direct care staff wage is 11.35 percent lower than the average wage for all

occupations with the same classifications. This research suggests that competing industries may have modified compensation to align with inflation over time, whereas the direct care service industry has had slower growth in compensation.

Beginning January 1, 2020, or upon federal approval, whichever is later, rate calculations will include a Competitive Workforce Factor applied directly to the direct care wage value in the framework in order to move direct care staff wages closer to the average wage of competing occupations. This change will occur on a rolling basis as service agreements renew.

As a prospective rate model based on statewide average data, there is currently no requirement for providers to attribute the rate formula's component values as their actual cost drivers. This means that the wage and employee benefit values that determine the provider agency's rate are not necessarily the wage rates and benefits that provider agencies pay their direct care staff. It also means that any legislated increase to the rate calculations, such as the automatic inflationary adjustments largely based on wage increases, will increase the dollars received by the provider agency but may not necessarily result in changes to compensation received by direct care staff. This proposal requires providers paid with rates determined under Minn. Stat. §256B.4914 to develop a plan identifying any increased revenues from the competitive workforce factor and explaining how those funds will allocated. This plan must be publicly available to all employees of the company and made available to the commissioner, upon request. This proposal requires providers to use additional revenues from the competitive workforce factor to increase wages and benefits of direct care staff.

In order to monitor whether the increased compensation will result in positive outcomes to the direct care labor market, DHS will monitor wage changes over time using the workforce analysis described below. This analysis will evaluate how competitive workforce funding investments impacted the wage and benefits provided to employees.

This proposal will provide recommendations to the legislature for rebasing the Competitive Workforce Factor in conjunction with inflationary updates occurring in DWRS. Rebasing recommendations will incorporate (1) analysis of provider-submitted workforce data about the effects of the competitive workforce factor on wages and benefits and (2) a biennial analysis utilizing Bureau of Labor Statistics wage data for direct care staff and comparable occupations. The goal of implementing this factor is to narrow the gap between wages and benefits in the direct care industry and competing occupations, with the understanding that the impact on individual service rates may vary. Because there are many factors at play in the economy, this renewed analysis could result re-basing the factor, as authorized by the legislature.

**Inflationary Updates**

In addition to adding the Competitive Workforce factor, this proposal will help the state of Minnesota address challenges in retaining and attracting direct care workers by enabling the rate formulas to regularly keep pace with the rapidly changing economy over time.

Under current law, DWRS rate formulas are updated once every five years according to inflationary changes. While this requirement enables rates to be re-based over time, the five-year cycle does not support an agile response to rapidly changing economic and business realities that service providers often experience in the marketplace.

This proposal will modify the inflationary updates to occur once every two years beginning July 1, 2022, using data available the year prior. Utilizing older data will enable the adjustment to be estimated and published prior to the adjustment occurring, contributing to the stable ability to conduct business planning. The table below summarizes how this change compares to current law:

| | Current Law | Proposed Change |
|---|---|---|
| **Next Update** | July 1, 2022 | July 1, 2022 |
| **Frequency** | 5 Years | 2 Years |
| **Data** | Most Recently Available (data published 3/2022) | Available on December 31, two years prior (data published 3/2020) |

This change will result in smaller, more frequent adjustments than what occurs under current law. This change will encourage service rates to keep pace with the changing economy, and it will support providers in anticipating projected revenue and executing more frequent wage increases for direct care staff.

This proposal will also provide a technical clarification that will align DWRS statute to the re-basing requirements in Minnesota's federal waiver plans.

**Assessing Labor Market Measures Over Time**
This proposal will ensure that the state is able to effectively assess the health of the direct care labor market over time, provider costs under DWRS, and measure the effectiveness of the Competitive Workforce factor investments.

In order to assess the health of the home and community based service industry's direct care workforce and the efficacy of the Competitive Workforce Factor, this proposal will require DWRS providers to submit workforce data in an annual Direct Care Workforce Report. The data collected will include labor market indicators such as average wages, number of workers, benefits paid, and job vacancies. The department will be required to publish findings on the health of the direct care workforce each November beginning November 15, 2020. To ensure statistically significant data analysis, providers who do not comply with work force reporting requirements will be subject to a temporary stop payment action until reporting is provided.

This proposal will also make changes to legislative reports required for the Disability Waiver Rate System. This proposal adds the following measures to the list of required report components: a time-series evaluation of labor market measures, evaluation of the Competitive Workforce Factor, and evaluation of the Support Needs Factor. This proposal also modifies the effective date for the next legislative report to align with the data collection on labor market trends and the legislative budget cycle. This section of the proposal includes administrative costs for conducting a survey on annual labor market workforce data and also compiling the report.

The full impact of the changes concerning the competitive workforce factor will occur when the banding period ends. This analysis is based on the February Forecast, which assumed that the banding period would end on December 31, 2019.

## Equity and Inclusion:

17% of people on the disability waivers identify themselves as a race or ethnicity other than white. Providing the opportunity for increased staff wages may improve the diversity of direct care staffing, as more people are drawn to the field, and improve retention of qualified staff. Providing the opportunity for increased staff wages increases the ability for people with disabilities to access and be included in their communities, with appropriate supports.

## IT Related Proposals:

This proposal will require programming changes to the Rate Management System within the MNCHOICES Support Plan and Microsoft Excel service framework. This proposal will also require adaptation to provider cost reporting systems. The expected FFP rate is 50%.

## Results:

**The home and community based service industry is able to attract and retain more employees, leading to increased access to quality services and supports that people need.**

This proposal will increase compensation to direct care staff employees. Increased compensation will increase the likelihood of staff wanting to work in the industry. Outcomes will be measured through the Direct Care Workforce Report where the department will assess the compensation paid to direct care staff, turnover of direct care staff, and vacancies in the industry. Changes in service access will be measured through standardized access measurements defined and established through the Home and Community Based Services Access Project. **Service rates will keep pace with economic changes in the market over time**.

This proposal will help ensure that the rate formulas keep pace with changing labor and business costs over time by incorporating more frequent inflationary adjustments. Provider service costs will be measured through provider cost reporting required under DWRS statute. The inflation-adjusted cost components will be compared these findings and modifications to the cost components will be incorporated into reports submitted to the legislature at least once every four years.

**Fiscal Detail:**

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 1,803 | 39,010 | 40,813 | 52,510 | 16,877 | 69,387 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 1,803 | 39,010 | 40,813 | 52,510 | 16,877 | 69,387 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | MA LW | 1,649 | 38,911 | 40,560 | 52,411 | 16,778 | 69,189 |
| GF | 11 | MnCHOICES Systems | 69 | 14 | 83 | 14 | 14 | 28 |
| GF | 15 | Community Supports Admin | 125 | 125 | 250 | 125 | 125 | 250 |
| GF | Rev1 | Admin FFP @ 32% | (40) | (40) | (80) | (40) | (40) | (80) |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 0 | 0 | 0 | 0 | 0 | 0 |

## Statutory Change(s):

256B.4914

**Change Item Title: Nursing Facility Value-Based Reimbursement and Property Payment Reform**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (1,808) | (9,975) | (22,463) | (33,895) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (1,808) | (9,975) | (22,463) | (33,895) |
| **FTEs** | **3** | **3** | **3** | **3** |

## Recommendation:

The Governor proposes the following changes to nursing facility rates:

- Revising Value Based Reimbursement (VBR) rate limit formulas to create an incentive for better quality and limit rate growth for poorer performing facilities, establish a cap on the annual rate growth of the other operating rate, eliminate a hold-harmless clause, and continue suspension of the Critical Access Nursing Facility provision.
- Requiring nursing facilities to conduct an additional assessment following the end of therapy treatment to reclassify that resident into the appropriate Resource Utilization Group (RUG) for the remainder of the required quarterly assessment.
- Reforming the property payment rate setting system for nursing facilities enrolled as Medical Assistance providers in Minnesota. The intent is to implement a new property payment rate system that will be more equitable, transparent as well as encourage providers to maintain and improve the existing nursing facility buildings.

## Rationale/Background:

**Value Based Reimbursement Updates**

In 2015, the Minnesota legislature enacted major reform to nursing facility reimbursement through Medical Assistance (MA). This system is referred to as Value Based Reimbursement (VBR). This proposal is based on initial analysis of the effects of VBR on quality adjusted payment limits and the growth rate of direct care costs, which is a sub-set of operating costs.

VBR incorporates pay for performance by setting nursing facilities' care-related payment rate limits based on quality. The formula used to set the care-related spending limits uses the median of care-related costs of nursing facilities in the seven-county metro area, multiplied by a factor representative of their composite quality score. The quality score is computed using the most recent available data on three quality measures from the Minnesota Nursing Home Report Card: Resident Quality of Life interviews (50% of score); Minnesota Clinical Quality Indicators (40% of score) and State Inspection Findings (10% of score).

Under the current rate calculation methodology, most nursing facilities are significantly under their care-related spending limits. With the gap between actual costs and the facility specific rate limit, there is no incentive for the facility to improve its quality performance as they are being reimbursed for all their direct care costs regardless of the quality of their services. This proposal modifies the quality incentive with two approaches effective January 1, 2020. The details of the proposed modifications can be found in the Proposal section of this document.

**Removal of Therapy Incentive for Medical Assistance from the Minnesota Case Mix**

Minnesota law establishes a Resident Reimbursement Classification system based on the assessments of residents of nursing homes and boarding care homes to determine a resident's clinical and functional status. These resident assessments are used to determine a case mix classification for a resident for purposes of determining the daily rate that the facility charges for the resident's care.

The assessment intervals for determining the resident's case mix classification are specified by statute. Each resident receives a quarterly assessment, every 90 days. Residents assessed at a higher therapy RUG at the beginning of a quarterly assessment may not need or receive therapy after a certain point into the quarter after the assessment, but will remain in (and be billed for) that therapy group for the entire 90 days regardless of how many days therapy is actually provided. While this proposal affects the MA budget, it also affects what private pay residents will pay for nursing home care. The number one complaint by private paying residents to the Minnesota Department of Health (MDH) Case Mix Section is having to pay for services at a higher level when the services are not provided.

**Nursing Facility Property Payment Reform**

The current property rate system is extremely complex and allows for multiple avenues to adjust a facility's property rate. As a result, there have been many special legislative requests for individual nursing facilities creating a customized daily property rate. These property rates are based on factors that are not applied equally across all nursing facilities because they are not standard formula-driven calculations. It is not a transparent approach and results in inequities and variations within the property rate system.

There are two major areas of inequity. First, the property rate is based on costs and appraisal values that are largely out of date, between 12-22 years for the base rates. Second, the additions to the property rate received by individual nursing facilities for projects and bed modifications vary due to the complications of the formula. The current property system is difficult to administer, and is not easy for consumers, stakeholders, or providers to understand.

In addition, the system does not allow additional property funds to be used in the most efficient manner. For example, the current system rewards large remodeling projects with higher rates than rates for a complete replacement of an existing nursing facility. The current property system does not properly recognize interest costs, depreciation and adjustments to the rate for changes in the use of space as a result of some construction projects.

The proposed changes are intended to reduce the average age of nursing facilities in Minnesota (which is reflective of how many major portions of the facility have been upgraded or improved); and improve quality of life for residents due to more private rooms, more common spaces such as activity rooms, day spaces, a library, etc. The current property rate system is not supportive of needed property improvements and, as a result, nursing facilities are not incented to make these improvements.

## Proposal:

**Value Based Reimbursement Updates to the Quality Incentive**

**Proposed Revision 1:** First, the proposal changes the method in determining a facility's quality performance. Under current statute (256R.16), the commissioner may adjust the methodology for computing the total quality score with five months advance notice. Under this authority, this proposal establishes a more robust methodology of determining the total quality score by adding a short-stay quality component (consumer experience survey and hospitalization rate) and expanding the number of quality indicators used in the calculation for long-stay (family satisfaction survey). In order to account for differences between facilities, DHS determined a weighted average quality score that considers the amount of short stay and long stay residents served on an annual basis.

**Proposed Revision 2**: The proposal lowers the quality-related limit on care related costs. Facilities with a quality score of 70 would have a limit established at the metro median cost level. A quality score of 60 would receive 80% of the metro median cost and a quality score of 80 would receive 120% of the metro median cost. Another feature of this proposal is the recognition that a major component of care-related costs are worker salaries. It is common for salary levels to differ substantially between rural and urban settings. In order to address this, the proposed approach adjusts the limit for each facility according to the Medicare county wage index. This approach incentivizes quality improvement for facilities in rural areas without creating a competitive disadvantage in hiring and recruiting workers for facilities in urban areas.

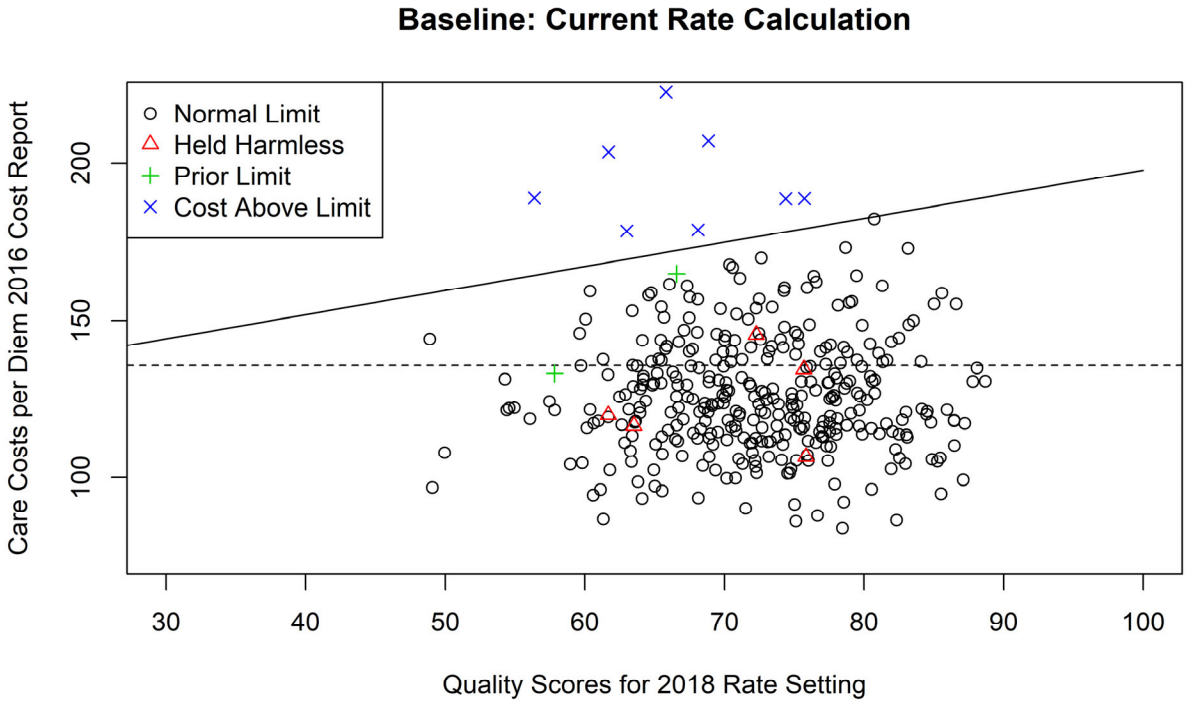
In 2019, under current law, only 2.5% of nursing facilities are limited by the quality incentive and another 3.5% of nursing facilities are protected by the 5% stop loss. This stop loss feature retained from current law, establishes a floor of a 5% drop of the quality limit from year to year, and will serve as a phase-in feature. The table below demonstrates the increase in numbers of NFs who will have costs limited by the quality incentive.

| Rate Year | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| % of facilities below limit | 97.5% | 94.4% | 88.0% | 78.3% | 76.9% |
| % of facilities above limit | 2.5% | 1.9% | 2.5% | 11.1% | 18.9% |

**The tables below reflect the current baseline in quality and the proposed change:**

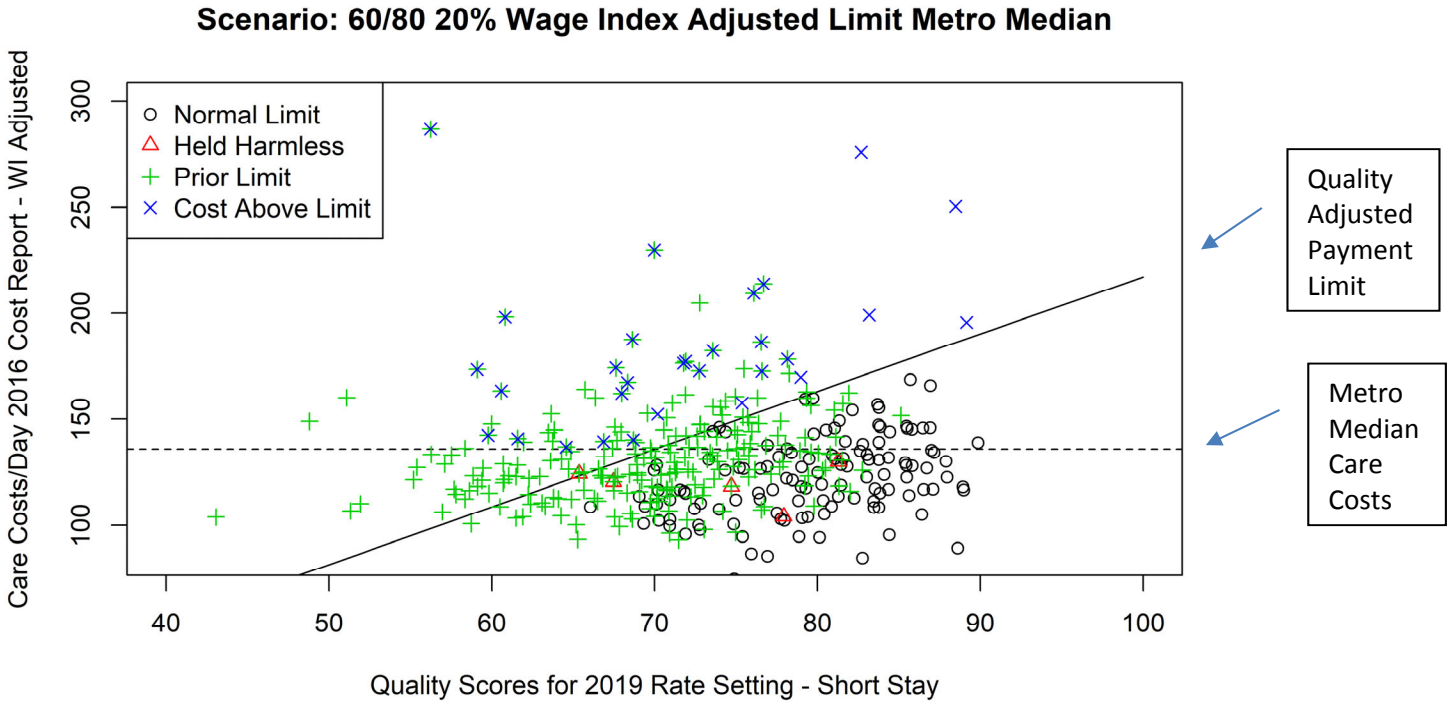
**Current Baseline:** There are only eight facilities that exceeded the quality adjusted payment limit as indicated by the "**Xs**" above the diagonal line with the quality adjusted payment limit for rates established January 1, 2018.

Most nursing facilities are significantly under their care-related spending limits and would need to increase their spending significantly to reach their limits as currently defined. With the gap between actual costs and the facility specific rate limit, there is no incentive for the facility to improve its quality performance as they are being reimbursed for all their direct care costs regardless of their quality of services.



**60/80 20 Percent Wage Index Adjusted Limit (Metro Median):**
This scenario demonstrates a quality score of 60 with costs 20% below the median and a quality score of 80 with costs 20% above the median. The costs are divided by the Medicare county Wage Index factor in order to make them comparable in terms of salary costs.

Points below the line indicate facilities whose costs are below the quality limit and are therefore not impacted. The X's noted on the graph indicate a facility with costs exceeding their rate. The +'s indicate facilities whose actual limit is higher than the quality line due to the limit on rate reduction from prior year (a rate cannot be reduced by more than 5% of the current metro median cost). A triangle indicates that the actual rate is higher due to the hold harmless provision. The +'s above the line indicate that costs exceeded the quality adjusted payment limit.




**Other Operating Rate**
Under VBR, the other operating rate component pays for dietary staff, housekeeping, laundry, utilities and administrative costs. The seven-county metro area median other operating daily cost is determined and then multiplied by 105%. The resulting amount is the other operating rate paid to all nursing facilities in the state. This proposal assumes the other operating rate grows over time at the same rate as the total operating rate which is forecasted to be 6.4% to 7.0%. This proposal would cap the annual growth rate of the other operating rate to the published Skilled Nursing Facility Market Basket Index which is currently 3.05%. The goal of this change is to slow the rate of growth within operating costs and promote operating efficiency. The effective date of this change is January 1, 2020.

**Continued Suspension of Critical Access Nursing Facility Program (CANF)**
Legislation enacted in 2012 authorized the creation of the CANF program with a goal to preserve access to nursing facility services in isolated areas and under financial distress by establishing rates based on actual costs and other rate enhancement features. In 2015 with the enactment of VBR, which implemented full rebasing of payment rates to facility costs, the partial rebasing under the CANF program was not of value and the program was suspended for two years and no CANF funds were available between January 1, 2016 and December 31, 2017.

This proposal continues to suspend CANF funding for four years from January 1, 2020 through December 31, 2023.

**Other Features of VBR**

VBR contains a hold harmless clause which states that facilities at least receive the rate they had for the year prior to the implementation of the new VBR system. The analysis shows that the hold harmless clause is no longer needed as very few facilities continue to benefit from it, and these facilities have had adequate time to adjust to the new reimbursement system. This proposal would eliminate the hold harmless clause effective January 1, 2020.

The Value based reimbursement portion of the proposal which includes the quality incentive, the operating price cap, and the CANF suspension, produces savings. The proposal also contains an investment in administrative resources for two auditors to ensure an effective implementation of the changes and timely issuance of annual rate notices.

**Removal of Therapy Incentive for Medical Assistance from the Minnesota Case Mix**

This change, effective January 1, 2020, impacts the Minnesota's Resident Reimbursement Case Mix Classification statute. The change will require nursing facilities to conduct an additional assessment following the end of therapy treatment to reclassify that resident into the appropriate RUG for the remainder of the required quarterly assessment period. There will be savings to MA because the number of days in a higher and more expensive RUG classification will be shortened and the remaining days where therapy is not being provided will be paid at a lower, less expensive RUG classification level.

**Nursing Facility Property Payment Reform**

This change replaces the current property reimbursement system with a fair rental value based system for determining the daily property rates for nursing facilities. It will rebase each nursing facility's property rate using a recent valuation of their property. A fair rental value system establishes a price for the use of a space, based on an appraised value of the property. The price is established without consideration of the actual accounting cost to construct or remodel the property. The goal of using a fair rental value system to set property rates for nursing facilities is to determine a fair price (property payment rate) to pay for lodging Medical Assistance (MA) residents. The intended results are to simplify and create transparency in property rate setting, reduce inequities of the current system, move to a value based payment system and create incentives to maintain and/or invest in replacement buildings.

Current property rates will be preserved via a hold harmless provision that will phase out over six years. The number of nursing facilities in a hold harmless status will decrease each year as the market value catches up to their current rate or the hold harmless rate is phased out. Year 1 – full hold harmless (HH); Year 2 – 20% new fair market value rate (FMV)/80% HH; , Year 3 – 40% FMV, 60% HH; Year 4 – 60% FMV, 40% HH; Year 5 – 80% FMV, 20% HH; Year 6 – 100% FMV.

DHS will contract with an appraisal firm to update the fair market value of all nursing homes on an annual basis for purposes of setting the annual property rate. The appraisal firm will conduct an on-site re-appraisal for one third of the nursing homes each year and those homes who have completed a major construction project. The appraisal firm will provide DHS with an updated market value for the remaining two-thirds of the nursing homes each year, utilizing an appropriate market value indexing system. Rates will be established based on a 5.5% rate of return and will be limited by square feet per bed and a dollar value cap per bed, assuming a 90% occupancy rate. Medicaid will pay a 10% add-on for medically necessary single bed rooms.

A number of mechanisms allowing for a property rate adjustment under the current system such as planned closure rate adjustments, bed layaways, relocations and consolidations and construction projects under the moratorium threshold will be eliminated. The actions themselves will still be allowable but it will not trigger a

property rate adjustment. The fair market value system will account for these actions through the re-appraisal process and capacity changes rather than a cost-based rate calculation. The new system will preserve the current moratorium exception process. This process is a competitive application process for major construction projects exceeding an established threshold. The proposal contains an investment of $1.5 million dollars to fund future moratorium exception projects. Total investment for transitioning to a new fair rental value property system is $4.7 million for FY20/FY21 and $900,000 for FY22/FY23. One additional staff position is needed to implement and provide ongoing program administration. The proposed fair rental value system will also have an annual administrative cost of $225,000 in FY 2020 to $265,000 in FY 2023 to hire an appraisal firm for on-going valuation of the nursing facilities.

**Interaction with Elderly Waiver and Alternative Care Programs:**

Monthly budget limits for Elderly Waiver (EW) and Alternative Care (AC) program participants increase every January 1st based on the weighted average impact of Home and Ccommunity Based Service rate increases or nursing facilities operating payment increases, whichever is greater. Since this proposal results in a decreased rate of growth in nursing facility operating payments, monthly budget limits for EW and AC would also increase at a slower rate than under current law, resulting in savings in both of these programs. The overall state share savings for the Elderly Waiver is about $713,000 in FY 2023 and state share savings is about $69,000 for the Alternative Care program in FY 2023.

## Equity and Inclusion:

The VBR reform proposed changes do not impact any identifiable racial or ethnic group differently than the general population of nursing facility residents. The proposal supporting modification to the formula that limits the reimbursement of care-related expenditures in ways that are more sensitive to individual nursing facilities. The impact will be positive if the revised formula incentivizes nursing facilities to improve the quality of care they provide to residents. The ongoing funding mechanism for reimbursing direct care costs is built into VBR and is tracked using quality indicator performance measures.

There are no specific groups that are impacted by the change to therapy assessments. There will be positive benefits for anyone that is in a RUG group who has been paying a higher daily rate for services that were no longer being provided within the quarterly assessment window because their daily rate will decrease. This is a sustainable change and will be tracked through Case Mix Review audits and MA payment summaries.

The property reform proposal will most directly affect persons in nursing facilities with disabilities that require upgrades to the physical plant for purposes of building accessibility for ADA compliance (wider doorways, toilets, showers, larger dining rooms), for accommodation of mobility devices such as wheelchairs and scooters, ability to install celling lifts for bariatric patients, etc. The ability to increase private rooms may expand access to a more diverse resident population by being able to better meet accommodation and service needs.

Approximately 5.5% of nursing facility residents self-identify as belonging to one or more non-white racial/ethnic groups. Twenty nursing facilities have a proportion of minority residents of 25% or greater and nearly all 20 of those facilities are in Hennepin County in older facilities. A more transparent and equitable property rate system will incent more facilities to upgrade their facilities and improve quality of life for their residents.

## IT Related Proposals:

No infrastructure, hardware, software or training changes are anticipated for this proposal. Some programming changes are needed related to the quality incentive, limit on other operating rates and establishment of a fair rental value property rate and will involve about 120 hours of a programmer's time.

## Results:

We will track results of this proposal using the following measures.

| *Type of Measure* | *Name of Measure* | *Current* | *Dates* |
|---|---|---|---|
| Quantity | Medicaid Therapy RUG group paid days. . | 24% of all therapy days paid by MA | CY2020 – CY2023 |
| Quantity | Actual other operating costs compared to the established rate | Annual Cost Report | Cost Report Years 2019 - 2023 |
| Quality | Quality Measures (Report Card) | See Below* | 2016-2022 |
| Quality | Annual Appraised Property Values | 2016 Values** | 2021 – 2023 |

*The quality indicators are publically shared data, individual by nursing facility, via the Minnesota Nursing Home Report Card website (http://nhreportcard.dhs.mn.gov/). DHS, per statute, is required to analyze the impact and outcomes of the VBR payment system.

**DHS will contract with an appraisal firm to update the fair market value of all nursing homes on an annual basis for purposes of setting the annual property rate. The appraisal firm will conduct an on-site re-appraisal for one third of the nursing homes each year and those homes who have completed a major construction project. The appraisal firm will provide DHS with an updated market value for the remaining two thirds of the nursing homes each year, utilizing an appropriate market value indexing system.

## Fiscal Detail:

The fiscal impact of each individual budget change item is noted in the table below:

| | | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|---|
| Quality Incentive | | (180) | (1,530) | (5,024) | (8,049) |
| Operating Price Cap | | (2,469) | (8,881) | (15,624) | (22,409) |
| Suspend CANF | | (615) | (1,500) | (1,500 | (1,500) |
| Add Therapy Assessment | | (575) | (1,397) | (1,384) | (1,377) |
| Property Reform | | 1,634 | 3,060 | 1,095 | (164) |
| **TOTAL w/o AC and Admin** | | **(2,205)** | **(10,248)** | **(22,437)** | **(33,499)** |

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (1,808) | (9,975) | (11,782) | (22,463) | (33,895) | (56,358) |
| *HCAF* | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | (1,808) | (9,975) | (11,782) | (22,463) | (33,895) | (56,358) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 LF | Medical Assistance | (2,205) | (10,248) | (12,453) | (22,437) | (33,500) | (55,937) |
| GF | 33 ED | MA costs- Interaction with Elderly and Disabled | 0 | (71) | (71) | (329) | (643) | (972) |
| GF | 33 LW | MA LW Costs- Interaction with Long term Care waivers | 0 | (8) | (8) | (37) | (71) | (108) |
| GF | 34 AC | AC costs- Interaction with AC | 0 | (9) | (9) | (34) | (69) | (103) |
| GF | 14 | CCOA admin- three FTE | 348 | 301 | 649 | 301 | 301 | 602 |
| GF | 14 | CCOA admin - Appraisal Firm Contractor | 225 | 225 | 450 | 245 | 265 | 510 |
| GF | REV1 | FFP @ 32% for CCOA admin | (183) | (168) | (351) | (175) | (181) | (356) |
| GF | 11 | Systems- other- 50% FFP | 7 | 3 | 10 | 3 | 3 | 6 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 14 | CCOA admin | 3 | 3 | | 3 | 3 | |

## Statutory Change(s):

MS 256R, MS 256B, MS 144A, MN Rule 9549

**Change Item Title: Self Directed Worker Union Contract**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | $16,805 | $19,672 | $18,813 | $20,094 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | $16,805 | $19,672 | $18,813 | $20,094 |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

The Governor recommends allocation of funds to meet obligations under the contract between the State of Minnesota and the Service Employees International Union (SEIU) negotiated for FY 2020-2021. The total investment for this proposal for FY 2020-21 is $36.5 million and in FY 2022-23 is $38.9 million.

## Rationale/Background:

The 2013 Legislature authorized collective bargaining for individual providers of direct support services. (Laws of Minnesota 2013, chapter 128, article 2). In August 2014, workers in self-directed programs in the state voted to form a union. The union includes workers in the Personal Care Assistance (PCA) Choice program, and the other self-directed programs, Consumer Directed Community Supports, and the Consumer Support Grant. This union's exclusive representative is the Service Employees International Union (SEIU).

The state completed negotiations for a new contract in January 2019 with SEIU. This request funds contractual obligations for FY 2020-2021 based on the terms of the negotiated contract. While SEIU does not represent all Personal Care Assistance workers, Federal Medicaid requirements do not allow differential payment rates based on union membership.

M.S.§179A.54 states that individual providers of direct support services, as covered under section 256B.0711, subdivision 4, shall be considered executive branch state employees for the sole purpose of collective bargaining. The current contract between the State of Minnesota and these workers' exclusive representative, SEIU, will expire June 30, 2019. This request is to fund contractual obligations for FY 2020-21.

## Proposal:

This proposal includes increased rates for wages and benefits for individual providers, as well as additional funding for training. There are 29,000 workers covered by the collective bargaining agreement.

The proposal:

- Increases the minimum wage floor in state fiscal year 2019 to $13.25/hour
- Increases paid time off (PTO) accrual rate to 1 hour for every 40 hours worked
- Establishes holiday pay at time and a half for hours worked for 3 additional permanent holidays, for a total of 5 holidays.

Costs for increasing wage floors, holiday pay, and PTO requirements are incorporated into the Medical Assistance payment rate for the Personal Care Assistance program, and the budgets for Consumer Directed Community Supports, Alternative Care and the Consumer Support Grant. This represents a 2.37% rate increase on July 1, 2019 to pay for the wage and PTO costs negotiated in the agreement and to pay time and a half for hours worked on the additional 3 holidays permanently added in FY 20-21 contract. The FY 18-19 contract included these holidays on a one time basis.

Effective July 1, 2019, for service recipients who are eligible for 12 or more hours of PCA services per day (as described in Minnesota Statutes 256B.0652) and whose workers have additional training, this proposal gives a 7.5 % increase to the rate for the Personal Care Assistance services, and the budgets for Consumer Directed Community Supports, Alternative Care and the Consumer Support Grant. Prior to this contract, the enhanced rate was negotiated at 5%. Because the 5% enhanced rate has already been implemented, no significant IT or administrative resources are necessary to increase the rate from 5% to 7.5%

An additional $375,000 in FY 2020 and $375,000 in FY 2021 is allocated for stipends to pay for training. Each stipend is $500; the stipends are available for individual providers who have completed designated, voluntary trainings made available through or recommended by the State-SEIU committee. This training is capped at 1,500 individual providers in fiscal year 2020.

This proposal allocates $125,000 in FY 2020 and $125,000 in FY 2021 to the State-SEIU committee to pay for expenses associated with developing additional new worker orientation.

This proposal allocates $125,000 for administrative costs in FY 2020, including Disability Services Division grant administration costs and costs for HCA to adjust contracts mid-year. In FY 2021, $75,000 is allocated for grant administration to the Disability Services Division. This funding is one time only.

In addition, the proposal adjusts the 2017 legislative tracking for PCA negotiations to match the final negotiations that occurred after the end of the 2017 legislative session. At the end of the 2017 legislative session, the legislature reduced the total value of the original negotiations that had occurred in early 2017. To allow for new negotiations with the union, the end of session rider language for the negotiations permitted transfer authority between the different budget activities. However, the language did not include all transfers. The tracking has been corrected to match the final contract agreement for 2017. This is a budget neutral change.

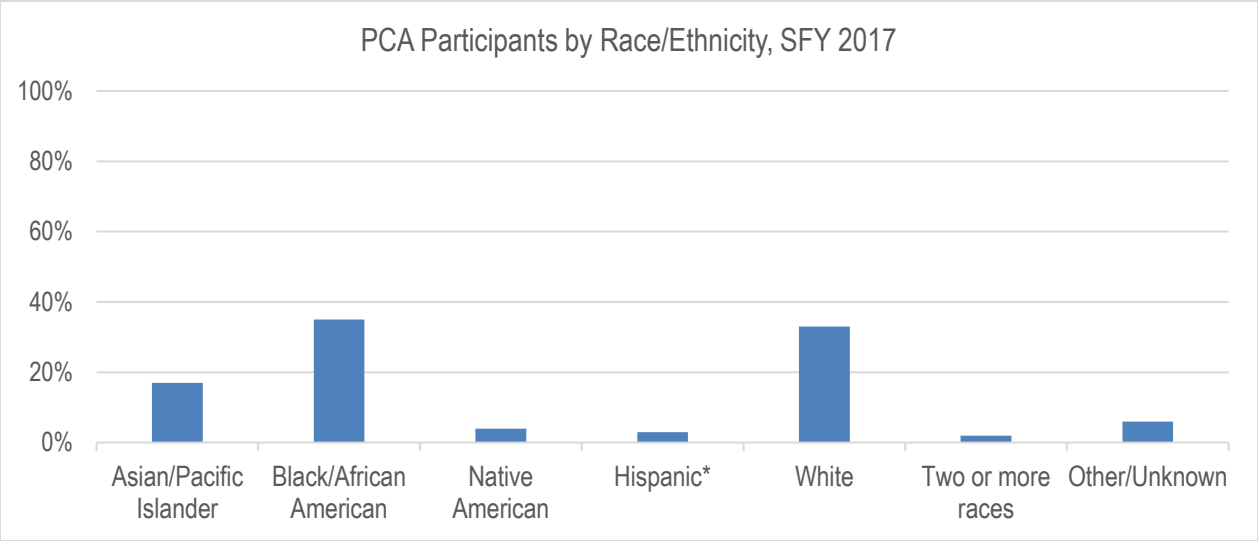
**This table shows the breakout of costs for the different components in the union contract:**

| **Self-Directed Union contract- 2020-2021** | | | | | | |
|---|---|---|---|---|---|---|
| | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| **13.25/hour minimum wage** | 14,783,098 | 14,802,629 | 29,585,727 | 15,427649 | 15,580,622 | 31,008,271 |
| **Paid time off- 1 hour for every 40 worked** | 750,411 | 751,403 | 1,501,814 | 783,129 | 790,895 | 1,574,024 |
| **Holiday pay at time and a half worked for 3 additional holidays** | 2,176,192 | 2,179,067 | 4,355,259 | 2,271,075 | 2,293,594 | 4,564,669 |
| **Complex needs- 7.5% for 12+ hours** | 501,622 | 770,333 | 1,271,955 | 788,732 | 808,060 | 1,596,792 |

| Self-Directed Union contract- 2020-2021 | | | | | | |
|---|---|---|---|---|---|---|
| | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| **Training- grants for stipends** | 375,000 | 375,000 | 750,000 | 0 | 0 | 0 |
| **Training- orientation** | 125,000 | 125,000 | 250,000 | 0 | 0 | 0 |
| **Administrative costs to administer grants and actuarial costs** | 125,000 | 75,000 | 200,000 | 0 | 0 | 0 |
| **Interactive effects, FFP, payment delay** | (1,491,875) | 54,132 | (1,437,743) | 81,098 | 82,173 | 163,271 |
| **Total** | **17,344,448** | **19,132,564** | **36,477,012** | **19,351,683** | **19,555,344** | **38,907,027** |

**Equity and Inclusion:**

The PCA program is one of the most diverse long-term service and support programs in Minnesota and has been growing more diverse over time. In January 2017, 61% of program participants were people of color or Native American. Approximately 33% of PCA recipients were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. The graph below illustrates PCA participants by race and ethnicity.




* Hispanic includes people of all races

The PCA program is vital to ensuring that people are able to live and receive services in the communities of their choice and avoid institutionalization to meet long-term care needs. Because the people that use PCA services are diverse, changes made to wages and benefits for PCA providers via the contract negotiations will positively impact an extremely diverse community. Increased wages and benefits allow people to retain the individual provider of their choice and attract more providers into the pool of direct support workers.

**IT Related Proposals:**

No additional IT costs are needed for the enhanced rate increase from 5% to 7.5% for those PCA recipients receiving 12 or more hours of services. The systems funding was received in the 2017 legislative session.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 16,805 | 19,672 | 36,477 | 18,813 | 20,094 | 38,907 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 16,805 | 19,672 | 36,477 | 18,813 | 20,094 | 38,907 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 LW | MA for PCA, Consumer Support grants, CDCS | 16,759 | 18,582 | 35,341 | 19,352 | 19,555 | 38,907 |
| GF | 55 | Disability grants- grants for stipends | 375 | 375 | 750 | 0 | 0 | 0 |
| GF | 55 | Disability grants- grants for training orientation | 125 | 125 | 250 | 0 | 0 | 0 |
| GF | 15 | Community Supports Administration | 75 | 75 | 150 | 0 | 0 | 0 |
| GF | 13 | Health Care administration-actuarial costs | 50 | 0 | 50 | 0 | 0 | 0 |
| GF | REV1 | FFP for admin costs | (40) | (24) | (64) | 0 | 0 | 0 |
| GF | 15 | CCA admin- Reverse 2017 SEIU tracking and include the correct amounts based on tracking | (293) | (293) | (586) | (293) | (293) | (586) |
| GF | 33 LW | MA LW- Reverse 2017 SEIU tracking and include the correct amounts based on tracking | (11,710) | (11,710) | (23,420) | (11,710) | (11,710) | (23,420) |
| GF | 15 | CCA admin- updated tracking for 2017 based on SEIU agreement | 241 | 164 | 405 | 241 | 164 | 405 |
| GF | 11 | Provider enrollment systems- updated tracking for 2017 tracking | 52 | 46 | 98 | 52 | 46 | 98 |
| GF | 33 LW | MA LW- updated tracking for 2017 session based on SEIU agreement | 10,973 | 12,123 | 23,096 | 10,973 | 12,123 | 23,096 |
| GF | 55 | Disability Grants- updated tracking for 2017 session based on SEIU agreement | 87 | 87 | 174 | 87 | 87 | 174 |
| GF | 34 | Alternative Care- updated tracking for 2017 session based on SEIU agreement | 111 | 122 | 233 | 111 | 122 | 233 |
| | | **Requested FTE's** | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 0 | 0 | 0 | 0 | 0 | 0 |

## Statutory Change(s):

This proposal requires session law and/or riders.

**Change Item Title: Minnesota Sex Offender Program Funding (DC41)**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 9,758 | 9,758 | 9,758 | 9,758 |
| Revenues | (1,758) | (1,758) | (1,758) | (1,758) |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 8,000 | 8,000 | 8,000 | 8,000 |
| **FTEs - Maintained** | **84.00** | **84.00** | **84.00** | **84.00** |

### Recommendation:

Effective July 1, 2019, the Governor recommends increasing appropriations to the Direct Care and Treatment (DCT) Minnesota Sex Offender Program (MSOP) by $19.5 million for the FY 2020-21 biennium and $19.5 million for the FY 2022-2023 biennium. These new resources will:

1. Provide clinical and operational services to the increased number of clients who have been Court ordered to Community Preparation Services (CPS), a less restrictive alternative setting on the St. Peter campus.
2. Provide Reintegration Services to clients that have been provisionally discharged to assure close supervision and a successful community transition.
3. Provide MSOP with the ability to charge Counties 25% for the Cost of Care for clients that are Provisionally Discharged from MSOP.
4. Maintain 84.00 FTEs.

This request represents approximately a 9.1% increase to the MSOP General Funds base funding for the FY2020-FY2021 biennium.

### Rationale/Background:

Under current law, MSOP is required to provide sex offender specific treatment for individuals that receive a civil commitment as a sexual psychopathic personality and/or a sexually dangerous person. In the last five years, growth in the number of new clients civilly committed has stabilized. Meanwhile, the number of clients progressing through treatment and being court ordered for transfer to the Community Preparation Services (CPS) program continues to increase. Additionally, the number of clients receiving a court order for provisional discharge is increasing as well. As of January 31, 2019, there were 36 individuals with court orders to be transferred to Community Preparation Services (CPS) yet still waiting transfer, 21 clients living in the community on Provisional Discharge Orders, and 3 clients that have Provisional Discharge Orders waiting to be discharged to a community setting.

When an individual is Provisionally Discharged from MSOP, MSOP is required by statute to provide supervision, aftercare and case management services. MSOP must also act as the designated agency to assist with establishing client eligibility for public welfare benefits and it must provide all necessary services, including those services exclusively available through county government. At present, there is no statutory language that establishes or specifies a county share for the cost of these services. The statute only addresses county responsibility for Cost of Care during the time a client is housed at the MSOP facility.

An additional constraint for MSOP are resources for Reintegration Services. There are a limited number of supervised housing options in the community for clients court-ordered for Provisional Discharge from MSOP. Further, as of December 2018, approximately, 70 municipalities have enacted residency restrictions that prohibit clients from locating in those communities. It is anticipated that additional municipalities will enact these restrictions. Frequently, these restrictions are enacted shortly after learning that a sex offender, who is provisionally discharged from MSOP or released from prison, plans to locate in that municipality. As a result of these residency restrictions, MSOP has begun partnering with private owners to lease properties so that provisionally discharged clients can obtain placement in a supervised setting outside of the St. Peter campus, so that these individuals may safely reintegrate into the community.

In order to assist clients in safely and successfully reintegrating back into society, clients initially live in a supervised setting for a period of time after being provisionally discharged; this process better prepares clients for eventual independent living. DHS opened one supervised transitional home for 4 clients staffed by trained and experienced MSOP employees for clients provisionally discharged to the community in 2018. At this facility, each client is assigned a Reintegration Agent who closely monitors the client to assure conditions of provisional discharge are being followed.

## Proposal:

Effective July 1, 2019, this proposal provides funding for Community Preparation Services (CPS) and Reintegration Services that have not received any base appropriation funding. Changes within the MSOP program over recent years has increased the professional staffing levels in order to comply with court requirements. This has resulted in an increase in the cost per position. To staff within available funding, the program has needed to reduce the number of direct care positions. This proposal would appropriately fund Community Preparation Services (CPS) and Reintegration Services allowing current program resources to again be available for new commitments into the program.

This proposal also expands the county cost of care responsibility to include individuals on provisional discharge. Unlike provisionally discharged individuals from other programs within DCT, MSOP has the responsibility for aftercare and case management of these individuals and not the county of financial responsibility. This proposal would expand the cost of care statute to add a 25% county cost of care liability for individuals provisionally discharged to the community.

## Equity and Inclusion:

- This proposal will provide a positive impact in recruitment efforts for MSOP, and thus more cultural responsiveness in working with clients. It provides the opportunity to increase the ability to have, and maintain, a diverse workforce to meet the needs of the current clients in MSOP.
- Targeted recruitment initiatives with funding will improve efforts and the opportunity to partner with culturally specific organizations, tribal and historically Black colleges, Lesbian, Gay, Bi-Sexual, and Transgender organizations, Veterans, and Persons with Disability services in addressing additional staffing needs.
- Provide the opportunity to reduce disparities in the hiring process by addressing affirmative action goals.

Many of the culturally specific services on the St. Peter campus are currently located inside the secure perimeter. This proposal would increase access to available services outside the secure perimeter.

Since this community setting will be less-restrictive than either campus, this proposal will provide more opportunity for access to a variety of community-based resources and activities. In addition, reintegration staff will assist individuals with connecting with more resources in their communities that better align to their preferences.

## IT Related Proposals:

N/A

## Results:

Because this recommendation funds existing activities, current performance indicators and outcome measures will be used as there should be no change in activities.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 8,000 | 8,000 | 16,000 | 8,000 | 8,000 | 16,000 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 8,000 | 8,000 | 16,000 | 8,000 | 8,000 | 16,000 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| 1000 | 64 | MSOP Services | 9,734 | 9,734 | 19,468 | 9,734 | 9,734 | 19,468 |
| 1000 | 65 | DCT Operations | 24 | 24 | 48 | 24 | 24 | 48 |
| | | Total | 9,758 | 9,758 | 19,516 | 9,758 | 9,758 | 19,516 |
| | | | | | | | | |
| 1000 | REV2 | Cost of Care Collections | (1,758) | (1,758) | (3,516) | (1,758) | (1,758) | (3,516) |
| | | | | | | | | |
| | | NET GF Impact | 8,000 | 8,000 | 16,000 | 8,000 | 8,000 | 16,000 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| 1000 | 64 | MSOP Services – FTE's Maintained | 84.00 | 84.00 | | 84.00 | 84.00 | |

## Statutory Change(s):

MS 246B.10

**Change Item Title: Minnesota State Operated Services (MSOCS) Operating Adjustment**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 1,594 | 3,729 | 3,729 | 3,729 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,594 | 3,729 | 3,729 | 3,729 |
| **FTEs Maintained** | **20.3** | **46.5** | **46.5** | **46.5** |

## Recommendation:

Effective July 1, 2019, the Governor recommends an operating adjustment of $5.3 million for the FY20-21 biennium and $7.5 million for the FY22-23 biennium from the General Fund to the Direct Care and Treatment (DCT) Minnesota State Operated Community Services (MSOCS) program to provide on-going funding for previously approved salary, insurance, and pension increases for the program.

This funding is needed to continue to provide services to over 1,000 individuals throughout the state.

## Rationale/Background:

Minnesota State Operated Community Services (MSOCS), which is part of Community Based Services (CBS) within Direct Care and Treatment, provides residential and vocational support services for people with disabilities.

Services include:

- **Residential Services** for individuals with mental illness, intellectual disabilities or related conditions. The program supports approximately 450 individuals annually; and
- **Vocational Services** for individuals with mental illness, intellectual disabilities or related conditions. In FY18 the program supported 671 individuals in the community through supported or customized employment

MSOCS is an enterprise program that operates on collections from individually determined rates for services provided to clients. The Disabilities Waiver Rates Management System (RMS) must be used to calculate rates based on the service framework. State salary and other personnel costs consistently exceed the maximum allowed under RMS rate setting process. DHS is unable to change rates to as costs, such as employee salaries, grow.

## Proposal:

This proposal seeks to provide an operating adjustment to support the financial sustainability of the MSOCS program. The operating adjustment will help fill the gap between the cost of operating the program and the revenue generated by the program.

To further mitigate operating losses, MSOCS is in the process of transitioning its services to support individuals consistent with the DCT strategic vision and who require an exceptional level of care. This plan includes:

- Transitioning programs supporting individuals that no longer require MSOCS level of care to private community-based providers
- Consolidating residential homes that have had long-term vacancies to allow for more effective use of the properties and/or staffing resources available
- Working with counties to fill vacancies within other MSOCS residential homes
- Consolidating vocational services sites to reduce the number and size of the sites as more individuals are being supported in community jobs so less day treatment space is required
- Creating new programs for individuals who have exceptional needs and have been unable to secure other placements in a community setting

Approximately 85-90% of total operating costs for MSOCS is for staff salary and benefits. The table below shows the projected increase in State Salary Expense for the MSOCS program.

**SWIFT Salary Projections as of 11/21/2018**

| | Base FY19 | FY20 | FY21 |
|---|---|---|---|
| Regular Salaries | $ 66,223 | $ 66,376 | $ 67,212 |
| Fringe Benefits | $ 30,293 | $ 31,734 | $ 33,033 |
| Total | $ 96,516 | $ 98,110 | $ 100,245 |
| Increase from Base | | $ 1,594 | $ 3,729 |
| Average Salary | | $ 78 | $ 80 |
| FTEs Maintained | | 20.32 | 46.52 |

*Average Salary is based on 1,250.50 Filled FTEs a of 11/21/2018*

## Equity and Inclusion:

This proposal impacts all cultural, racial, and ethnic groups, as well as lesbian, gay, bi-sexual, transgender individuals, persons with disabilities, and their families currently being provided services and those who in the future may or may not meet the changing criteria for services.

The changes could provide the opportunity to have more culturally specific homes to meet the needs of clients that require special needs such as those individuals whose primary or preferred language is not English, refugees, or other diverse populations that has specific communication and cultural needs.

## IT Related Proposals:

N/A

## Results:

The operating adjustment will provide funding that will:

- Support the financial stability of the program;
- Increase the ability of MSOCS to serve more challenging individuals in order to reduce inappropriate hospital or jail stays; and
- Provide stability for the individuals living in MSOCS programs while MSOCS transitions to be a provider for individuals who cannot or will not be supported by private providers

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 1,594 | 3,729 | 5,323 | 3,729 | 3,729 | 7,458 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 1,594 | 3,729 | 5,323 | 3,729 | 3,729 | 7,458 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 62 | Community Based Services | 1,594 | 3,729 | 5,323 | 3,729 | 3,729 | 7,458 |
| | | | | | | | | |
| | | | | | | | | |
| | | **FTE's Maintained** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 62 | FTEs Maintained | 20.3 | 46.5 | | 46.5 | 46.5 | |

## Statutory Change(s):

Rider

**Change Item Title: Increase Bed Capacity within DCT's Minnesota Specialty Health Services (MSHS) Programs**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 4,352 | 4,352 | 4,352 | 4,352 |
| Revenues | (19,068) | (6,068) | (6,068) | (6,068) |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (14,716) | (1,716) | (1,716) | (1,716) |
| **FTEs** | **15.95** | **15.95** | **15.95** | **15.95** |

## Recommendation:

Effective July 1, 2019, the Governor recommends increasing appropriations to the Direct Care & Treatment (DCT) Mental Health & Substance Abuses Services (MHSATS) in order to fully utilize the licensed bed capacity and enhance the services provided to individuals in two of its four Intensive Residential Treatment Services (IRTS) facilities. This increased appropriation is offset by returning collections currently deposited to the State-Operated Services Account to the state General Fund.

## Rationale/Background:

Direct Care & Treatment operates four (4) Intensive Residential Treatment Services (IRTS) sites located in Brainerd, Wadena, Willmar and St. Paul-Como. Each site is licensed as a 16-bed program. The Brainerd site specializes in services for individuals with neurocognitive conditions. Services provided are billed to medical assistance and insurance, when it is available. Room and board is billed to group residential housing, when individuals qualify, or to the individual, if they do not qualify. Collections received for Brainerd, Willmar and Wadena are deposited into the State-Operated Services Account, which is a dedicated revenue account in accordance with Minnesota Statute, section 246.18, subdivision 8. Collections for the St. Paul-Como site are deposited into the General Fund. Operating funds for the Brainerd, Wadena and St. Paul-Como sites are provided through a General Fund appropriation; funding for the Willmar site is provided through an appropriation from the State-Operated Services Account.

As of December 2018, all four of the sites are operating at a staffed capacity of 12 beds, as a result of both funding levels and the staffing mix required to work with the challenging population being served. The Willmar site has operated at the same funding level since 2013, when a bill was passed, to keep the site open. There has been no additional funding to cover cost of living increases to offset additional staff costs.

## Proposal:

This proposal will: 1) increase the funding for two IRTS facilities to allow the sites to operate at full capacity with appropriate staffing; 2) appropriate funding from the General Fund for the Willmar site; 3) move collections from the State-Operated Services Account to the General Fund; and, 4) transfer any remaining balances within the State-Operated Services Account to the General Fund.

This proposal is intended to simplify the funding of the programs and allow for the operation of two of the facilities at the full bed capacity. Operating these sites at full bed capacity will increase available discharge locations for clients who need a residential level of care, freeing up hospital beds for those that need a hospital

level of care. This proposal will also provide additional program funding to increase staffing ratios at these two sites to better serve individuals, increase clinical efficacy, and provide regulatory required individualized care and treatment. The IRTS programs are a vital part of the Direct Care & Treatment care continuum, serving as a step down from Anoka-Metro Regional Treatment Center (AMRTC) and the Community Behavioral Health Hospitals (CBHHs). Increasing the bed capacity at the IRTS will allow more flexibility and timeliness in discharges from hospital level of care.

## Equity and Inclusion:

This proposal will provide Direct Care & Treatment an opportunity to recruit and maintain a diverse workforce to better reflect the patients served, such as by partnering with community-based culturally-specific organizations. It will also enable Direct Care & Treatment to provide more programming into evenings and weekends, as well as increase emphasis on person-centered and culturally competent services.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (14,716) | (1,716) | (16,432) | (1,716) | (1,716) | (3,432) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total All Funds** | | | (14,716) | (1,716) | (16,432) | (1,716) | (1,716) | (3,432) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| 1000 | 61 | MHSATS – MSHS/IRTS | 4,102 | 4,102 | 8,204 | 4,102 | 4,102 | 8,204 |
| 1000 | 65 | DCT Operations - Transitions | 250 | 250 | 500 | 250 | 250 | 500 |
| 1000 | REV2 | Cost of Care Collections | (6,068) | (6,068) | (12,136) | (6,068) | (6,068) | (12,136) |
| 1000 | TRN | Transfer In | (13,000) | 0 | (13,000) | 0 | 0 | 0 |
| | | | | | | | | |
| 2000 | 61 | SOS Special Rev Account | (2,713) | (2,713) | (5,426) | (2,713) | (2,713) | (5,426) |
| 2000 | 65 | SOS Special Rev Account | (250) | (250) | (500) | (250) | (250) | (500) |
| 2000 | REV2 | SOS Special Rev Account | 6,068 | 6,068 | 12,136 | 6,068 | 6,068 | 12,136 |
| 2000 | TRN | Transfer Out | (13,000) | 0 | (13,000) | 0 | 0 | 0 |
| | | | | | | | | |
| | | Net GF Impact | (14,716) | (1,716) | (16,432) | (1,716) | (1,716) | (3,432) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| 1000 | 61 | MHSATS – MSHS/IRTS | 37.00 | 37.00 | | 37.00 | 37.00 | |
| 2000 | 61 | SOS Special Rev Account | (21.05) | (21.05) | | (21.05) | (21.05) | |
| | | | 15.95 | 15.95 | | 15.95 | 15.95 | |

## Statutory Change(s):

Repeal MS statutes 246.18, Subd. 8

**Change Item Title: Repeal 2010 Rider Language**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends repealing Minnesota Session Law to eliminate outdated language related to Direct Care and Treatment operations. This is a no-cost proposal.

### Rationale/Background:

Laws of 2010 First Special Session Chapter 1, Article 25, Section 3. Subdivision 10 includes language specifying that "[n]otwithstanding any contrary provision in this article, this rider shall not expire." All items that provided direction to DHS have been completed. This rider, however, also included a requirement that DHS continue to operate the Direct Care & Treatment (DCT) Dental Clinics at the same level of staffing, in the same locations, and provide the same level of services as provided as in effect on March 1, 2010. Accordingly, this rider restricts DHS from relocating and/or expanding services to meet the needs of the individuals served by the DCT clinics including in-home and tele-dentistry.

Removing the rider will allow Direct Care & Treatment Dental Clinics to provide additional services and serve an increased number of individuals with developmental and mental health disabilities. Staffing used in 2010 did not include a mix of dental professionals that are needed today to provide home-based care or specialized care that would greatly benefit the individuals served by Direct Care & Treatment. The rider also restricts the possibility of participating in co-locating and creating a public/private collaboration that could reduce costs while providing enhanced care to individuals. Lastly, this proposal would create an opportunity to locate services closer to their targeted populations.

### Proposal:

This proposal would remove language that was put in place to direct the Commissioner to:

- Provide funding for the Mankato Crisis service. (This funding is now handled through a mental health grant.)
- Continue to lease space in the former Eveleth transition site until another tenant could be found or the lease expired. (The lease has expired and a new tenant was found.)
- Convert the Community Behavioral Health Hospitals in Wadena and Willmar to Intensive Residential Treatment Service. (This conversion was completed.)
- Continue to operate the DCT dental clinics at the same level of care and staffing in effect on March 1, 2010 and seek a cost-based medical assistance rate. (Cost-based payment rate was approved.)

- Convert the Minnesota Neurorehabilitation Hospital in Brainerd to a neurocognitive psychiatric extensive recovery treatment service. (The facility was converted to a Neurocognitive Intensive Residential Treatment Service.)
- Convert the Minnesota Extended Treatment Options (METO) to community-based services. (This conversion is complete.)
- Not move beds from Anoka-Metro Regional Treatment Center to the psychiatric nursing facility in St. Peter. (No beds were moved.)
- Implement changes to save a minimum of $6,006,000 beginning in fiscal year 2011. (Changes were implemented.)
- Seek certification or approval from the federal government for the new services under paragraph (a) that are eligible for federal financial participation and deposit the revenue associated with these new services in the account established under Minnesota Statutes, section 246.18, subdivision 8, unless otherwise specified. (Collections from the services provided at the Wadena, Willmar and Brainerd Intensive Residential Treatment Services are deposited in the specified account.)
- Finally, Section (e) of this rider states: Notwithstanding any contrary provision in this article, this rider shall not expire.

Accordingly, the only portion of this rider that continues to apply is the section relating to the Direct Care & Treatment Dental Clinics that restricts the program from changing, moving or providing additional services. Repealing the Rider would allow the Dental Clinics to provide enhanced services, relocate, if necessary, and to provide services in client homes.

**Statutory Change(s):**
Repeal Laws of 2010 First Special Session Chapter 1, Article 25, Section 3. Subdivision 10 (e).

**Change Item Title:** Service Delivery Transformation

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 10,000 | 10,000 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 10,000 | 10,000 | 0 | 0 |
| **FTEs** | | | | |

## Recommendation:

The Governor recommends $20 million in FY 2020-21 to transform the human services delivery system in order to provide a more integrated, person-centered user experience for all Minnesotans served by the system. The Department of Human Services will work in partnership with counties, tribal nations and other partners and providers of human services on service delivery redesign, program simplification and alignment, and long-term implementation planning. This funding will leverage, on average, 68% federal funding (federal financial participation, or FFP) that is currently available to states. For eligible activities, every $10 dollars spent in state funds, DHS is able to leverage an estimated $27 to $35 in federal funds.

The development and implementation of an integrated delivery system will incude cross-cutting simplification efforts with the goal of improving people's experience with the human services system, leading to more equitable outcomes across all services. These efforts will also result in efficiencies in both the delivery of services as well as the technology that supports it. The results of this initiative will be:

- Simplified, more timely and improved access to human services programs so that families and individuals are able to achieve positive outcomes
- Lessened administrative burden to counties, tribal nations and state agencies, allowing more time to be spent working to improve services for Minnesotans
- Active and intentional engagement with counties, tribal nations, the legislature and people served in identifying barriers to access, and alignment of priorities for simplification, and modernization of the human services system

## Rationale/Background:

Currently, Minnesota's human services programs are delivered through siloed service delivery models, funded by separate budgets and supported in individual and complex technology systems that are more than 20 years old. The way services are provided, and the information technology (IT) systems used to support delivery, are fragmented and cumbersome to navigate for both participants and staff. This outdated approach to service delivery, focused on programs rather than people, relies on aging technology that is becoming increasingly difficult and expensive to maintain. It is also funded through highly targeted budgets that prevent integration. The current model does not meet today's demands by Minnesotans for an integrated and easily accessible human services delivery system, and continues to perpetuate inequitable and disparate outcomes for Minnesotans.

More than one million Minnesotans participate in state programs and depend on aging systems to connect them to the services they need. Over 30,000 county, tribal nation, and state staff and 200,000 providers use these systems to deliver and pay for services. The siloed nature of service delivery results in a fragmented experience

for the people receiving services. The drive toward integrated, person-centered delivery of services is intended to help individuals and families achieve positive outcomes and ultimately to build healthier communities.

Current policies, statutes, federal regulations and budgets have all contributed to the siloed and complex-nature of the programs we have in place today. Transforming the service delivery system is a huge undertaking, which will require dedicated resources to design and implement, while maintaining capacity to sustain existing systems. The current DHS IT systems have technical limitations and cannot fully support an integrated and modern access experience for people served and workers at the state, counties, and tribal nations.

This proposal is being brought forward to ensure that all Minnesotans touched by the human services system receive person-centered, community-based services designed to improve equitable outcomes. An indicator of delivering on this vision is the human services system's increased capacity to work across organizations, people, and programs to achieve a shared enterprise vision for service delivery transformation, while simultaneously building capacity to consider the diverse and unique needs of the people being serve.

**Proposal:**

In the spring of 2017, DHS partnered with the Minnesota Association of County Social Service Administrators (MACSSA) and White Earth Tribal Nation to set a vision for how human services should be delivered in Minnesota. The group's work resulted in the "Integrated Services Business Model", which will guide the transformation of how people experience the human services system. Integrated service delivery is research-driven, focused on person-centered and multi-generational approaches, and grounded in root-cause analysis. It is an outcome-based way of designing services to make people's lives better.

Establishing and introducing a large-scale redesign of the service delivery system is a multi-phase endeavor, which will take several years and require dedicated resources at each phase. Lessons learned from previous systems development attempts and research involving other states that have modernized and integrated services show the importance of having a clear understanding of the business needs and goals prior to starting IT projects. Thus, the Department of Human Services and its partners will focus on the foundational work needed to lay the framework for our shared vision of an integrated human service delivery system. The work completed in the next biennium will result in detailed foundational work that will guide multi-year phased efforts to implement our future state.

This request includes $8.8 million over the biennium to fund foundational activites necessary to pursue an integrated service delivery system. These foundational activities will lay the framework for the agency and our partners to begin to change our operational model, including:

- Cultural change management, stakeholder engagement, communications and training
- Establishment of architecture and standards for business, data, technology and security
- Business readiness and program simplification activities related to the service delivery transformation
- Evaluation and continuous improvement of our decision making structure
- Development of evaluation, performance and outcomes measurement and data analytics
- Development of a long-term roadmap and funding strategy
- Identifying and defining baseline technology needs

These activities are the framework and foundation to service delivery transformation and all other business improvement and system development in the future. Specifically, business readiness efforts will strategically plan for, rethink, redesign and simplify the state's human services delivery system infrastructure, processes and enabling technologies. In coordination with business readiness efforts and to prepare for the future, dedicated efforts will pursue simplification and alignment of program policies and practices, consistent with the new vision for the human services delivery system. The deliverables of these business planning activities will provide the foundation for systems modernization.

While foundational activities are being completed and a long-term modernization plan is established, approximately $11.2 million of the $20 million for the biennium will be invested to continue to address system improvements related to defect and compliance fixes. The majority of the fixes will be spent on the Minnesota Eligibility Technology System (METS) which is the enrollment and eligibility information technology (IT) system for all of Minnesota's insurance affordability programs — Medicaid, MinnesotaCare and qualified health programs with advanced premium tax credits. It also interfaces with other systems to provide the necessary information required for payment or coverage.

The results of this initiative will be:

- Greater compliance with state and federal regulations, and
- A reduction in the burden to processing entities that use METS and currently must perform onerous manual workarounds to achieve accurate results

The dollars received through this request will be used to sustain a portion of the state share of DHS and MN.IT@DHS staff and contractors. This proposal represents a decrease in the current level of spending on IT projects and includes business-led efforts to develop a unified vision of a human services system that meets the needs of Minnesotans. The IT modernization projects funded through this request will support continued improvements to systems to reduce identified pain points for the end user.

### Equity and Inclusion:

All groups of people will be positively impacted by this proposal. Some of the key guiding principles of the new business model include racially and culturally appropriate efforts to support an equitable service delivery system, utilizing a person-centered framework, using the "social determinants of health" to identify root causes of an individual or family's need for services, and using a multi-generational approach which takes into account the needs of the whole family. In developing the new business model, stakeholder feedback was gathered from representatives of impacted groups. In addition, the new business model's ongoing development and implementation will be intentionally inclusive, and offer opportunities for broad stakeholder input and collaboration, including people served and advocates. Overall, the change to the business model will drive promises to reduce or eliminate disparities for all groups.

### IT Related Proposals:

This proposal includes non-IT related activities as well as IT related activities. It is estimated that $11.2 million over the biennium will be dedicated to systems improvement efforts. An additional $8.8 million will be directed for work at DHS, counties, tribal nations and other providers of services to engage in service delivery transformation efforts that are in preparation for, but prior to, IT development work occurring. The table below reflects $5.6 million annually, which is the state share of funding that is estimated to be directly attributable to IT systems development and user support.

| *Category* | *FY 2020* | *FY 2021* | *FY 2022* | *FY 2023* | *FY 2024* | *FY 2025* |
|---|---|---|---|---|---|---|
| Payroll | 3,307 | 3,307 | 0 | 0 | 0 | 0 |
| Professional/Technical Contracts | 1,757 | 1,757 | 0 | 0 | 0 | 0 |
| Infrastructure | | | | | | |
| Hardware | 189 | 189 | 0 | 0 | 0 | 0 |
| Software | | | | | | |
| Training | 3 | 3 | 0 | 0 | 0 | 0 |
| Enterprise Services | 210 | 210 | 0 | 0 | 0 | 0 |

| *Category* | *FY 2020* | *FY 2021* | *FY 2022* | *FY 2023* | *FY 2024* | *FY 2025* |
|---|---|---|---|---|---|---|
| Staff costs (MNIT or agency) | 134 | 134 | 0 | 0 | 0 | 0 |
| **Total** | **5,600** | **5,600** | **0** | **0** | **0** | **0** |
| MNIT FTEs | | | | | | |
| Agency FTEs | | | | | | |

**Results:**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Reduction in staff time to perform manual workarounds | | | |
| Quality | Improvements in the processes, functionalities and integration of existing systems; improving the coordination of services across programs. | | | |
| Results | Measureable improvements in client outcomes resulting from cross-program coordination based upon the social Determinants of Health | | | |

**Fiscal Detail:**

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 10,000 | 10,000 | 20,000 | 0 | 0 | 0 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 10,000 | 10,000 | 20,000 | 0 | 0 | 0 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| 1000 | 11 | Direct Appropriation – Transfer to Systems Account to spend | 10,000 | 10,000 | 20,000 | 0 | 0 | 0 |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

**Statutory Change(s):**

N/A

**Change Item Title: Enhanced Program Integrity for Nonemergency Medical Transportation**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 31 | (935) | (1,005) | (1,078) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 31 | (935) | (1,005) | (1,078) |
| **FTEs** | **3** | **4** | **4** | **4** |

### Recommendation:
The Governor recommends new program integrity measures for the Nonemergency Medical Transportation (NEMT) program in response to state and federal audit findings.

### Rationale/Background:
NEMT provides Medical Assistance enrollees with the safest, most appropriate and cost-effective mode of transportation to get to and from medical appointments.

In September 2017, the federal Office of Inspector General finalized an audit of Minnesota's NEMT program that showed that over 75% of NEMT rides that were audited did not comply with either state or federal requirements. Of the rides that did not meet the requirements, the ride either lacked sufficient documentation, lacked any documentation, or did not have a corresponding Medical Assistance service to warrant the trip.

These findings were consistent with an evaluation the Minnesota Office of Inspector General conducted of the NEMT program in 2014. As a result of the federal 2017 audit, the state had to pay $1.9 million dollars, the federal share of improper reimbursement, to the Centers for Medicare and Medicaid Services.

### Proposal:
This proposal seeks to improve the integrity of the NEMT program through two strategies:

First, DHS would issue a request for proposal to contract with an entity to perform on-going integrity audits of the NEMT program to ensure fee-for-service providers are complying with state and federal standards. The audits would include, but are not limited to, review of driver documentation, confirmation of a medical appointment, and confirmation of distance traveled.

Second, the proposal would also provide resources to DHS to enroll individual NEMT drivers. This would ensure each driver is meeting the program requirements and allow DHS to enforce actions as necessary on an individual driver rather than an entire company. Data from DHS shows that approximately 82% percent of NEMT claims in FY 2017 occurred on the same day as a claim for another health care service, and that rides occurring the same day as a health care service accounted for 90% percent of the total spending on fee-for-service NEMT. This estimate assumes that additional oversight and ongoing audit activity will prevent NEMT providers from billing the MA program where the ride does not accompany a health care service resulting in a 10 percent reduction in payments to NEMT providers.

The fiscal impact of this proposal includes the cost of a vendor contract for ongoing audits of the NEMT program for MA fee-for-service, the cost of 4 FTE to enroll individual NEMT drivers, and IT changes to MMIS to implement the proposal. Total state MA fee-for-service expenditures on NEMT services for families and children is expected to reach $35 million in FY2020-21. This proposal is expected to reduce total spending by $2.2 million or 6% in FY2020-21.

In addition, this proposal clarifies that DHS does not need to verify that every single requirement is met within the Special Transportation Certification overseen by the Department of Transportation (MnDOT). As of July 1, 2016, all NEMT providers are required by law to be certified as Special Transportation Service providers. In reviewing the requirement, there have been questions whether DHS is supposed to confirm a provider is certified by MnDOT or if DHS is supposed verify that the provider has fulfilled each individual requirement to obtain a certificate. This proposal would clarify that DHS is required to verify that a provider is certified by MnDOT, not verify every component of the certification requirements.

## Results:

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Percentage of NEMT Claims with Proper Documentation | 25% | | |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 31 | (935) | (904) | (1,005) | (1,078) | (2,085) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 31 | (935) | (904) | (1,006) | (1,078) | (2,085) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 FC | MA Grants | (432) | (1,806) | (2,238) | (1,879) | (1,952) | (3,832) |
| GF | 13 | Health Care Admin (Contract) | 557 | 1,119 | 1,676 | 1,123 | 1,123 | 2,246 |
| GF | REV1 | FFP @ 32% | (178) | (358) | (536) | (359) | (359) | (719) |
| GF | 11 | HCA Admin (FTE-Systems Fund) | 78 | 109 | 187 | 109 | 109 | 218 |
| GF | 11 | Systems state share (MMIS @ 29%) | 6 | 1 | 7 | 1 | 1 | 2 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 13 | HCA Admin | 3 | 4 | | 4 | 4 | |

## Statutory Change(s):

256B.0625

**Change Item Title: SIRS & CCAP Investigation Expansion**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 526 | 400 | 400 | 400 |
| Revenues | 500 | 500 | 500 | 500 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 26 | (100) | (100) | (100) |
| **FTEs** | **4.0** | **4.0** | **4.0** | **4.0** |

### Recommendation:

The Governor recommends expanding the Department's capacity to investigate and prevent fraud in the Medical Assistance (MA) program. The proposal requests funding to add 4 FTE staff to the Office of Inspector General's Financial Fraud and Abuse Investigation Division (FFAID) that oversees MA providers. The Governor also recommends additional funding for a case tracking system to track a case from initiation to conclusion in FFAID.

### Rationale/Background:

FFAID at the Department of Human Services is responsible for supporting program integrity in Minnesota's public assistance programs, including its MA program. Working with law enforcement, business partners, and regulators, FFAID identifies, investigates, and prevents suspected cases of fraud and abuse.

MA, the Department's largest program, provides coverage to approximately 1.1 million low-income Minnesotans each month, ensuring that many of the state's most vulnerable residents have the health care they need. CCAP helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. The program serves approximately 15,000 families and 30,000 children each month. Strengthening the Department's capacity to oversee these programs increases accountability and helps ensure that funds are spent effectively for the people we serve. Program integrity measures also decrease the risk and potential harm to recipients who do not receive necessary services, are exposed to unnecessary or inappropriate services, or may be subject to coercion and exploitation.

In 2017, approximately $11.4 billion in state and federal funds were paid to 230,000 Medicaid providers. During 2017, SIRS recovered $14.3 million in overpaid state and federal funds. SIRS also terminated, suspended or stopped payments to 189 MA providers who had been paid $21.2 million the preceding 12 months. In addition, FFAID's child care investigations unit has received hundreds of tips and leads involving suspected cases of overbilling and other misuses of CCAP funds. As of December 2018, 171 child care centers had been assessed $382,000 in identified CCAP overpayments, and more than $1.6 million in restitution has been court-ordered in cases with convictions. Nevertheless, attaining recoveries from providers who commit program violations or misuse public funds is difficult and rarely occurs, resulting in multimillion-dollar losses to MA and CCAP that could otherwise be used for the children, families, and individuals we serve. By strengthening the capacity of the Office of Inspector General to oversee financial and administrative accountability in MA and CCAP, the Department will be able to better safeguard the integrity of these important public programs.

### Proposal:

First, this proposal will strengthen the Department's capacity to prevent, detect, and investigate fraud by expanding FFAID's Surveillance and Integrity Review Section (SIRS) that oversees Medical Assistance providers.

Specifically, this proposal adds 4 investigators in SIRS. The additional investigators in SIRS will increase its investigative capacity, which will allow SIRS to conduct more investigations and cover more provider types in MA that warrant surveillance, investigation, and intervention.

The Child Care Assistance Program (CCAP) investigations unit within FFAID is also in need of a system to record, track and report on its investigative activity. The case tracking system is already utilized by the BCA and will strengthen FFAID's fraud prevention and investigation activities for CCAP.

Each MA investigator is expected to yield $125,000 per year in state recoveries and receives a federal financial participation allocation. The case tracking system for CCAP is estimated to cost $355,000 for the first year of implementation, and $105,000 each year thereafter. After recoveries and FFP are taken into account, this proposal will cost approximately $26,000 in General Fund dollars for FY 2020 and will result in net savings to the General Fund of $100,000 per year thereafter.

### Equity and Inclusion:

There are no anticipated negative effects.

### IT Related Proposals:

N.A.

### Results:

SIRS investigations yield recoveries which are returned to the General Fund. One performance measure for this proposal is the increase in federal and state funds recovered by SIRS because of this proposal.

Additionally, Providers found to have committed significant program violations because of fraudulent or abusive conduct are terminated or suspended from the public program. Recovering funds paid to these providers is very difficult, but by removing them from the program, fraudulent payments are stopped. An increase in program integrity staff will increase the number of fraudulent providers removed from public programs. A well-recognized benefit to program integrity activity is the prevented loss of funds associated with terminating, suspending, and/or implementing a payment withholds. This means that 180 former MA providers were no longer able to obtain millions of dollars of public funds.

### DHS/GO Specific Considerations:

N.A.

### Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 26 | (100) | (74) | (100) | (100) | (200) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 26 | (100) | (74) | (100) | (100) | (200) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | 4 FTEs, Salary, Fringe and Overhead | 773 | 588 | 1,361 | 588 | 588 | 1,176 |
| GF | REV 1 | FFP @ 32% of Total Costs | (247) | (188) | (435) | (188) | (188) | (376) |
| GF | REV 2 | Recoveries – State Share | (500) | (500) | (1000) | (500) | (500) | (1,000) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 4.0 | 4.0 | | 4.0 | 4.0 | |

### Statutory Change(s):

N.A.

**Change Item Title: Fraud Prevention Investigations Expansion**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (15) | (173) | (173) | (173) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | (7) | (9) | (9) | (9) |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (22) | (182) | (182) | (182) |
| **FTEs** | **1.0** | **1.0** | **1.0** | **1.0** |

### Recommendation:

The Governor recommends increasing funding to the Department of Human Services (DHS) for the Fraud Prevention Investigation grant program by $425,000 per year to provide counties with additional resources to investigate recipient fraud in human services programs. This will enable counties to hire additional fraud investigators. The increased funding request includes $425,000 for county grants, which will be matched with federal funds of $311,000, increasing grant funding for the program by $736,000 per year. This would be an increase to the total grant funding for county investigations to approximately $3.9 million.

The Governor further recommends adding one FTE in the Office of Inspector General's Financial Fraud and Abuse Investigation Division (FFAID) to assist in monitoring the grant and to provide training to the counties.

### Rationale/Background:

Through the Fraud Prevention Investigation (FPI) program, the Office of Inspector General's Financial Fraud and Abuse Investigation Division (FFAID) works with counties to investigate recipient fraud. The division currently administers a $3.2 million ($1.9 million state funds, $1.3 million federal funds) annual grant that funds investigator positions in counties and regions covering 79 of Minnesota's 87 counties.

Current funding for the FPI program has been stagnant for a number of years, preventing the expansion of FPI program activities conducted by counties. In several FPI regions in the state, one investigator is responsible for investigations in multiple counties. Increased funding in this area will allow for additional staffing in regions where investigators are spread thin, in more populated counties where the caseload is greatest, and to expand into some counties that have not been a part of the program. By having additional funding for recipient investigations, counties can: 1) react more quickly to reports of public benefit fraud, 2) complete investigations in a more timely manner, and 3) stop benefits sooner to those who are not eligible.

In accordance with Minnesota Statutes, section 256.983, the program has operated on a cost-neutral basis for 29 years. When all program benefits are considered, the program has returned at least $4 for every dollar spent on the program. This trend is dependent upon county human services workers making fraud referrals to investigators when they see conflicting information or suspect that fraud is occurring. The cost savings are also dependent upon having investigator positions filled. Turnover in these positions reduces overall benefits derived until the positions can be filled and new staff is trained.

All Minnesota counties are statutorily required (256.986) to submit to DHS a state fiscal year plan to coordinate county duties related to the prevention, investigation, and prosecution of fraud in public assistance programs. The state partners with grant and non-grant funded counties, helping to stretch the limited funds used to conduct investigations. This is done through training, monitoring work products, and assuring that grant programs are run

cost effectively, as required by state statute. Resources that counties contribute to maintain investigative programs include the hiring and supervision of additional employees, as well as providing technological resources, equipment, office space, grant oversight, additional training and vehicles.

## Proposal:

This proposal will add $425,000 in state funds to the FPI grant program. With the federal match, it will increase grant funding by $736,000, for a total ongoing budget for county grants of approximately $3.9 million. Grant funds will increase the number of investigators in a given county or region, and fund positions in counties that are not currently participating in this program. One additional FTE is needed to assist DHS with grant oversight and training.

This proposal would allow for the hiring of approximately seven additional FPI investigators in counties. This number assumes an average of $100,000 in personnel costs per FPI investigator under the grant. The average takes into consideration that the cost of an FPI investigator varies significantly across the state. For example, an investigator who is a sworn peace officer has a much higher cost than a non-sworn investigator. Additionally, there is a significant difference in the personnel costs in greater Minnesota compared with the metro area.

This proposal will also allow FFAID to hire one FTE to assist in grant oversight and training to counties. There are currently two staff in FFAID overseeing this grant as well as providing training around the state and fielding questions from investigators, and it will be necessary to fund one additional FTE at DHS to perform these duties for a larger group of investigators.

The costs in this proposal are offset by benefit savings from unpaid claims that were determined to represent real or potential fraud. In FY 2020, the overall net fiscal impact is projected to be $22,000 in savings to the General Fund, which assumes total savings of approximately $518,000 as the additional investigators are brought onboard in the first year. By FY 2021, all new investigators would be onboard and total projected savings are $689,000 across multiple public assistance programs. This results in total savings of approximately $689,000, and a net fiscal impact of $182,000 in savings to the General Fund in FY 2021 and each year thereafter.

## Equity and Inclusion:

There are no anticipated negative effects or groups impacted.

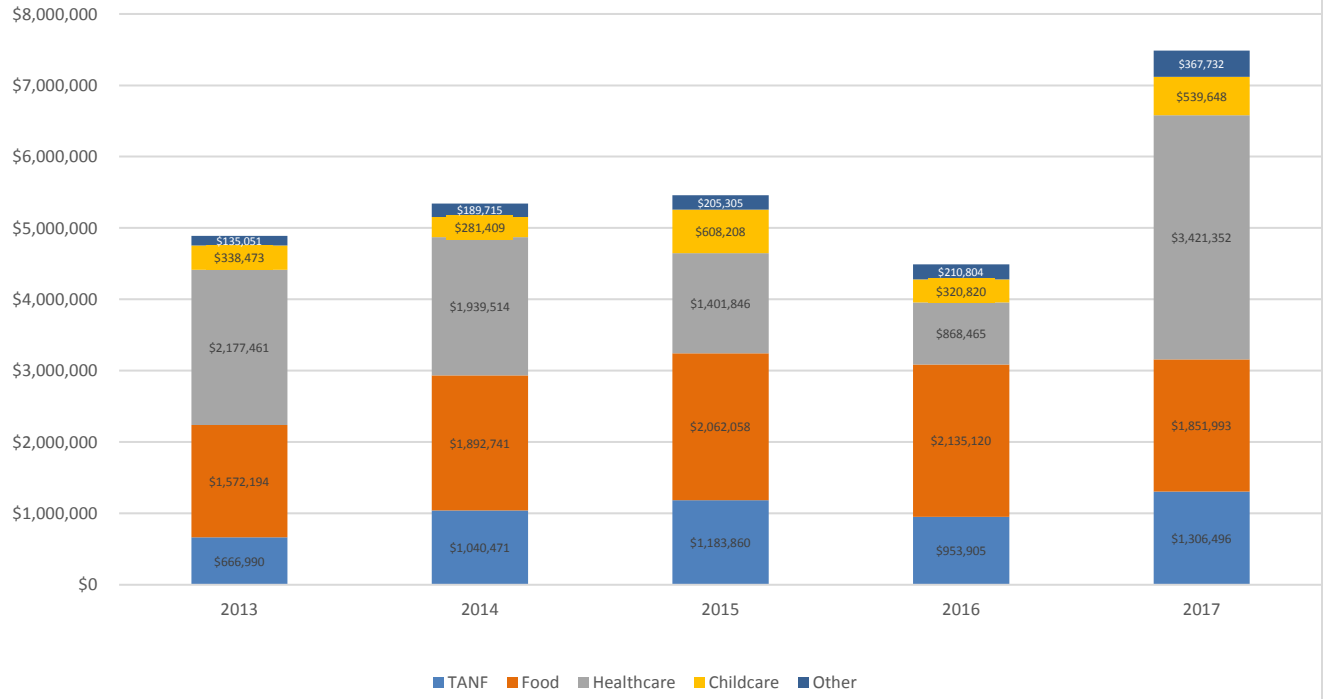
## IT Related Proposals:

N.A.

## Results:

As described above, a key result of the FPI grant program is the benefit savings derived from unpaid claims that were determined by investigators to represent real or potential fraud. Other benefits of FPI grant funding include the identification of overpayments. As illustrated in the chart below, FPI investigators identified $7.5 million in overpayments across multiple assistance programs in FY 2017. Considering the totality of benefits, FPI program grants historically return at least four dollars for every dollar of state and federal funding.

## Figure 5: Recipient fraud investigations - Overpayments identified




## Table 14: Recipient fraud – overpayment totals

| Program | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|
| TANF | $666,990 | $1,040,471 | $1,183,860 | $953,905 | $1,306,496 |
| Food | $1,572,194 | $1,892,741 | $2,062,058 | $2,135,120 | $1,851,993 |
| Health Care | $2,177,461 | $1,939,514 | $1,401,846 | $868,465 | $3,421,352 |
| Child Care | $338,473 | $281,409 | $608,208 | $320,820 | $539,648 |
| Other | $135,051 | $189,715 | $205,305 | $210,804 | $367,732 |
| Total | $4,890,169 | $5,343,850 | $5,461,277 | $4,489,114 | $7,487,221 |

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (15) | (173) | (188) | (173) | (173) | (346) |
| Health Care Access Fund | | | (7) | (9) | (16) | (9) | (9) | (18) |
| | | | | | | | | |
| | | | | | | | | |
| **Total All Funds** | | | **(22)** | **(182)** | **(204)** | **(182)** | **(182)** | **(364)** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | 1.0 FTE Salary, Fringe and Overhead | 104 | 121 | 225 | 121 | 121 | 242 |
| GF | 11 | County FPI Grants | 425 | 425 | 850 | 425 | 425 | 850 |
| GF | REV 1 | FFP @ 32% of Salary, Fringe and Overhead | (33) | (39) | (72) | (39) | (39) | (78) |
| GF | 21 | TANF Cash | (118) | (157) | (275) | (157) | (157) | (314) |
| GF | 33 | Federal Medical | (197) | (263) | (460) | (263) | (263) | (526) |
| GF | 33 | State Medical | (13) | (17) | (30) | (17) | (17) | (34) |
| GF | 22 | Child Care (MFIP) | (30) | (40) | (70) | (40) | (40) | (80) |
| GF | 42 | Child Care (BSF) | (17) | (23) | (40) | (23) | (23) | (46) |
| GF | 23 | General Assistance (GA) | (26) | (34) | (60) | (34) | (34) | (68) |
| GF | 24 | Minnesota Supplemental Aide (MSA) | (22) | (29) | (51) | (29) | (29) | (58) |
| GF | 25 | Housing Support | (88) | (117) | (205) | (117) | (117) | (234) |
| HCAF | 31 | MinnesotaCare | (7) | (9) | (16) | (9) | (9) | (18) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | 1.0 FTE | 1 | 1 | | 1 | 1 | |

## Statutory Change(s):

N.A.

**Change Item Title: Electronic Visit Verification**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 192 | 716 | (2,721) | (4,614) |
| Revenues | | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 192 | 716 | (2,721) | (4,614) |
| **FTEs** | **2.0** | **3.0** | **11.0** | **9.0** |

**Recommendation:**

The Governor recommends requiring providers of personal care and home health services to use an electronic visit verification system that meets implementation requirements and standards developed by the commissioner of human services. Effective January 1, 2020, use of electronic visit verification will be federally-mandated for providers of personal care services, including home and community- based services that support activities of daily living or instrumental activities of daily living delivered in a person's home. Effective January 1, 2023, use of electronic visit verification will be mandatory for home health service providers.

**Rationale/Background:**

In 2016, the federal government passed the 21st Century Cures Act, requiring electronic visit verification. The 2017 Legislature required DHS to establish implementation requirements and standards for an electronic service delivery documentation system to comply with the 21st Century Cures Act (Laws of Minnesota, 2017 First Special Session, Ch. 6, art 3, s 49). The Commissioner was required to convene stakeholders to review the requirements and report information to the legislature based on the stakeholders' feedback, to establish the electronic service delivery system requirements and standards. The report was submitted to the chairs and ranking members of the legislative committees with jurisdiction over human services with recommendations in January 2018.

The 2017 legislation (Laws of Minnesota, 2017 First Special Session, Ch. 6, art 3, s 49) requires that the Department of Human Services ensure that the electronic visit verification requirements are minimally disruptive to the person receiving services, minimally burdensome to the provider (both administratively and financially) and consistent with existing policies related to covered services, including flexibility of service use, quality assurance and effective methods for fraud prevention when balanced with the burden on providers and recipient.

Based on the feedback heard during the stakeholder engagement process, the Department of Human Services determined that the hybrid model with a data aggregator meets the widest range of needs, minimizes burden and provides the greatest flexibility to providers, service recipients and workers. This approach allows providers to select an electronic visit verification system that works best for their business, while maintaining accountability to the state. Allowing for flexibility in vendor selection encourages innovation, competitive pricing and technological advances among vendors.

The hybrid model allows providers who have already invested in an electronic visit verification system to continue using their investment, while providers who have not yet purchased a system can elect to use the state system or another vendor of their choosing based on their needs and finances. Choosing to offer an existing, off-the-shelf electronic visit verification system rather than developing its own will better position the Department of Human

Services to respond to federal requirements. Providing a state-selected vendor option allows smaller providers with less capacity or interest in choosing their own system to meet electronic visit verification system requirements with minimal burden. The hybrid model also provides agencies the opportunity to select an electronic visit verification system that they feel will be most amenable to their workers, in order to better recruit and retain staff in an era of workforce shortage. Over time, providers who select the state's electronic visit verification system may experience the added benefit of having a workforce and group of service recipients that are accustomed to using the state system, thus lessening the burden of training individuals to use their system.

Finally, the hybrid model supports agreed upon values that any electronic visit verification system in Minnesota not disrupt services, allow flexibility of service location and scheduling and provide adequate training for users of the system. Service users can elect to work with an agency that offers a system that best meets their individual needs.

## Proposal:

This proposal seeks to implement federally-mandated systems that will alter the way that personal care services are documented and verified in Minnesota. Electronic visit verification will affect both people receiving personal care services, direct support workers and agencies that employ the support workers.

The 21st Century Cures Act requires that six data elements be electronically verified:

- the type of service provided,
- the person who provided the service,
- the person to whom the service was provided,
- the date of the service,
- the time in and time out of the person providing the service, and
- the location where the service was provided.

Only those personal care services (beginning in 2020) and home health services (beginning in 2023) electronically verified will be eligible for the full Medicaid match, whether administered as fee-for-service or managed care. The 21st Century Cures Act requires that states implement this requirement in a manner that is minimally burdensome, takes into account existing best practices and existing use of electronic visit verification systems in the state, ensures training for providers of these services, is compliant with HIPAA privacy and security law, takes into account a stakeholder process and doesn't impede provider selection, worker selection, or the manner in which services are delivered.

This proposal recommends implementing a hybrid model of electronic visit verification within the state, which gives providers the option of using their own visit verification system or using a state-contracted system. The hybrid model includes both a state-approved electronic visit verification system and a single statewide data aggregator.

In the hybrid model, providers have the option of using their own electronic visit verification system as long as it meets the requirements set by the 21st Century Cures Act and standards established by the commissioner. Or, the provider may elect to use a vendor under contract with DHS. The state option would provide "off-the-shelf" electronic visit verification system to all providers who do not have or do not wish to develop their own system. This involves the state contracting with one or more electronic visit verification vendors to develop and operate a system that meets the requirements outlined in the 21st Century Cures Act. The state would be responsible for configuring the system(s) to meet specific requirements, enrolling and training providers. The vendor(s) would be responsible for ongoing maintenance, updates, and technical assistance to providers to ensure compliance with the Cures Act.

The second component of a hybrid electronic visit verification system is a statewide data aggregator. The aggregator compiles data from providers using their own system of choice as well as providers using the state-contracted option. The aggregator provides a single repository of data that supports post-payment review of claims for personal care services and home health services subject to electronic visit verification. Potential future enhancements to the aggregator could enable pre-payment review to identify non-reimbursable claims due to potential fraud, waste, abuse or error. A third party aggregator allows the state to get the most capability to identify fraud, waste, abuse and errors from an electronic visit verification system, without requiring the state to create and install expensive new technology, since the collection and normalization of the data is handled by a third party.

The appropriation from the 2017 legislative session covers the initial costs for purchasing a system and also partially provides the operational costs for the system into the future. However, the overall costs operationalizing the electronic visit verification system were not included in that appropriation. Since the 2017 session, other options have been reviewed. This proposal includes a contract with one or more electronic visit verification vendors to develop and operate a system as identified through a request for proposals process starting in FY 2020. The contracted vendor would be responsible for configuring the system to meet specific requirements, enrolling and training providers. In addition, the vendor would be responsible for ongoing maintenance, updates and technical assistance to providers.

It is expected that most providers will opt to use the state contracted vendor, so the contract would also provide funding for subscription costs for providers who use the vendor. The cost of using vendor managed electronic visit verification systems is typically based on volume and transaction. A transaction may be a phone call or other technology used to log-in and out when the worker begins and ends work. This analysis estimates electronic visit verification subscriptions at $.21 per transaction. The number of transactions will likely increase over time, since the program caseload and number of providers is projected to continue growing. The Department of Human Services will pursue federal approval of an enhanced federal financial participation rate of 75 percent for the costs of system operation and maintenance for the state-operated system as well as 90 percent federal funding for the cost of design, development and installation of the state-operated system. The costs in the fiscal note assume that we will receive both the 90% and 75% federal participation rates for development and implementation. Other states have received these federal financial participation rates to develop their electronic visit verification systems.

This proposal also includes grant funding of $500,000 in FY 2021 and $500,000 in FY 2022. This funding is a onetime cost that will help offset the electronic visit verification costs for those providers who use a different vendor other than the state contract. This funding will also offset increased costs for providers using systems that come into compliance as a result of the contracts with existing system providers. The number of providers served would grow over time as existing systems are upgraded. These providers would be required to follow an application process as determined by the commissioner.

The proposal would also include administrative costs to administer the contracts and grants. Included is one FTE for training and outreach to individuals and families starting in FY 2021, and two FTE's for administering the grants and contracts in the Community Supports Administration for the Disabilities Services Division starting in FY 2020. As part of the implementation, the Provider Help Desk in the Health Care Administration would need two FTE's in FY 2022 to handle the increased questions from providers. These FTE's are not ongoing beyond FY 2022. A permanent FTE would be needed in the Operations Data Integrity unit of the Health Care Administration to provide data analytics in FY 2022. With the increase in auditable data, the Surveillance, Investigations and Review Unit within the Office of Inspector General will need three investigators for increased activity, a data analyst focused on electronic visit verification data and claims, and a supervisor for the unit starting in FY 2022.

The Centers for Medicare and Medicaid Services (CMS) have also indicated that electronic visit verification devices used by providers are not eligible for FFP. This analysis assumes that an additional 15% of the total cost of using the system would need to be 100% state funded. It assumes that all of the maintenance, tracking and administering the devices would still be done by the vendor.

The automatic reporting features and enhanced ability for payment reviews using electronic visit verification data is expected to reduce inappropriate service payments due to record keeping inaccuracies, administrative errors and fraud by 1%. This estimate is based on the experience and projections of other states implementing electronic visit verification systems. The costs included in this proposal have also accounted for the appropriation received in the 2017 legislative session.

## Equity and Inclusion:

Minnesota's PCA program, which will be subject to electronic visit verification, is the most diverse long-term service and support programs in Minnesota and is growing more diverse each year. In January 2017, 61% of people receiving PCA services were people of color or Native American. Approximately 33% of people receiving PCA services were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. According to fiscal year 2016 data, 36.1% of home and community-based services recipients in Minnesota identified themselves as non-white. Any changes to home and community-based personal care services will have an impact on communities of color.

Compliance with the federal electronic visit verification requirement will ensure the financial stability of this foundational long-term care service. Implementation of electronic visit verification will improve information about the delivery of services authorized for people with disabilities and older adults and reduce errors and fraud in the billing of these services. Personal care services are essential to achieving community inclusion for the diverse populations that rely on them to live, work and enjoy life in the communities of their choosing.

The hybrid model allows for flexibility for providers of all sizes – from small businesses to national health care providers – to implement electronic visit verification that is affordable and works with the existing systems unique to that provider. The selection of the vendor for the state-approved data collector will depend heavily on the vendor's ability to provide a system that is minimally disruptive for people receiving the service and financially manageable to ensure that providers from diverse ethnic and cultural groups are able to continue providing personal care services to members of that particular community.

## IT Related Proposals:

This proposal will require work in the MMIS system for claims and internal reporting. However, the primary IT-related work for the electronic visit verification system will be done by a contracted vendor. The costs noted below are the full cost (federal and state). Note- The costs in FY 2020 and FY 2021 are covered by the 2017 appropriation for systems costs for EVV so an additional appropriation is not needed for IT work in those two fiscal years.

| ***Category*** | ***FY 2020*** | ***FY 2021*** | ***FY 2022*** | ***FY 2023*** | ***FY 2024*** | ***FY 2025*** |
|---|---|---|---|---|---|---|
| Payroll | | | | | | |
| Professional/Technical Contracts | | 725,000 | 430,000 | 75,000 | 75,000 | 75,000 |
| Infrastructure | | 78,645 | 6,060,272 | 10,598,455 | 10,598,455 | 10,598,455 |
| Hardware | | | 894,791 | 1,561,793 | 1,561,793 | 1,561,793 |
| Software | | | | | | |

| *Category* | *FY 2020* | *FY 2021* | *FY 2022* | *FY 2023* | *FY 2024* | *FY 2025* |
|---|---|---|---|---|---|---|
| Training | | | | | | |
| Enterprise Services | | | | | | |
| Staff costs (MNIT or agency) | 50,000 | 269,708 | 269,708 | 58,547 | 58,547 | 58,547 |
| **Total** | **50,000** | **1,073,353** | **7,654,771** | **12,293,795** | **12,293,795** | **12,293,795** |
| MNIT FTEs | .5 | 2.5 | 2.5 | 0 | 0 | 0 |

**Results:**

| *Type of Measure* | *Name of Measure* | *Measurement* |
|---|---|---|
| Quality | Avoid financial penalty imposed on all Medicaid-funded personal care and home health services. | Continue to receive a full 50% federal match on personal care and home health services. |
| Quality | All providers are using electronic visit verification | 100% of required providers will use electronic visit verification by 2023 |

**Fiscal Detail:**

| **Net Impact by Fund (dollars in thousands)** | | | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 192 | 716 | 908 | (2,721) | (4,614) | (7,335) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 192 | 716 | 908 | (2,721) | (4,614) | (7,335) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Mn.IT Vendor Contract | | | | 1,441 | 4,065 | 5,506 |
| GF | 55 | Disability Grants | | 500 | 500 | 500 | 0 | 500 |
| GF | 15 | CSA Admin | 283 | 425 | 708 | 425 | 425 | 850 |
| GF | 11 | SIRS Admin | | | | 640 | 640 | 1,280 |
| GF | 13 | HCA Admin | | | | 340 | 130 | 470 |
| GF | REV1 | Admin FFP @ 32% | (91) | (136) | (227) | (450) | (383) | (833) |
| GF | 33 | MA LW | | (57) | (57) | (4,377) | (7,395) | (11,772) |
| GF | 33 | MA ED | | (15) | (15) | (1,174) | (1,984) | (3,158) |
| GF | 34 | Alternative Care | | (1) | (1) | (66) | (112) | (178) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | OIG Admin | | | | 5.0 | 5.0 | |
| GF | 13 | HCA Admin | | | | 3.0 | 1.0 | |
| GF | 15 | CSA Admin | 2.0 | 3.0 | | 3.0 | 3.0 | |

**Statutory Change(s):**

Session Law is needed to require electronic visit verification. This change may also require modifications to M.S. §256B.0659 and §256B.0653. Minnesota Stat. §256B.0705 is repealed.

# Department of Human Services

## FY 2020-21 Biennial Budget Change Item

**Change Item Title: Child Care Assistance Program – Provider Registration and Oversight**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 71 | 82 | 0 | 0 |
| Revenues | | | | |
| Other Funds | | | | |
| Expenditures | | | | |
| Revenues | | | | |
| Net Fiscal Impact = (Expenditures – Revenues) | 71 | 82 | 0 | 0 |
| **FTEs** | **.75** | **1** | **0** | **0** |

### Recommendation:

The Governor recommends investing $153,000 in FY 2020-2021 for one full time employee to plan for improvements to provider registration and oversight for the Child Care Assistance Program (CCAP). This proposal would result in a plan for addressing recent audit and report recommendations related to provider registration and program oversight.

### Rationale/Background:

The Child Care Assistance Program (CCAP) helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. CCAP serves approximately 15,000 families and 30,000 children each month. Over 60 percent of the children served are ages 5 or younger. Over 67 percent of all children served are children of color or American Indian children. An average of 3,265 providers are paid each month for serving children receiving CCAP. CCAP is administered by county and tribal agencies.

Two audits related to CCAP program integrity concerns were conducted in 2018. The Office of the Legislative Auditor (OLA) conducted a special review of the Child Care Assistance Program and the Office of Inspector General. The Department of Human Services also hired a consulting firm, PFM, to assess procedures and give recommendations. Findings for the audits and a report by PFM were released in March 2019.

This proposal will help address the following audit recommendations to ensure public dollars are spent responsibly:

- Implement an electronic record-keeping system, eventually linked to billing.
- Require electronic billing and direct deposit for all registered centers.
- Strengthen tracking and controls for users submitting bills through MEC$^2$ PRO.
- Move provider registration and MEC$^2$ PRO enrollment to DHS.
- Strengthen provider registration controls.

### Proposal:

This proposal provides funding for one full-time employee in the Children and Family Services Division at the Department of Human Services to plan for improvements to CCAP provider registration and oversight.

The primary areas that the employee will explore include:

- Options for the use of electronic attendance record keeping systems. Currently providers are allowed to use paper or electronic methods to maintain attendance records.
- Options to improve monitoring of billing practices, including the possibility of requiring electronic billing and/or direct-deposit. Currently some providers bill using an electronic system (MEC$^2$ PRO), and others bill using paper billing forms. Providers choose to be paid via warrant (i.e. check) or direct-deposit.
- Options to centralize registration for CCAP providers. Currently providers register with the county or tribal agency that they receive payment from. If a provider serves families living in various counties, the provider must register with each family's county or tribal agency.

The employee will be charged with the following activities:

- ***Research and stakeholder engagement***: Other states have implemented electronic attendance record keeping systems and can provide guidance and information about how their systems work and what lessons they learned. Further, currently provider registration is done at the local agency level. Local agencies would have significant insight and information about how to make the transition to state-wide provider registration. Finally, child care providers who would be impacted by these changes should be consulted and engaged early in the process for information about how to effectively implement and avoid unintended consequences.
- ***Planning***: These requirements will require new staffing and resources at the state level. The employee in this position will be charged with developing planning and implementation proposals for how the department would move forward with each of these changes (e.g., how would this work, what resources are needed, how changes would be implemented, etc.).
- ***Legislative report development*** The department will report back to the Legislature in early 2021 with findings, which will inform possible statute changes and funding requests in the 2021 session to implement changes.

## Equity and Inclusion:

In 2018, 68 percent of all children served by the Child Care Assistance Program (CCAP) were children of color, specifically African-American, Asian/Pacific Islander, Hispanic/Latino, multiple races, and American Indian children. Of all children served, 53 percent are African-American. Accordingly, any impact on children and families receiving child care assistance, and/or the providers who serve them, is likely to disproportionately impact African-American children.

Attendance record keeping and billing are responsibilities of the child care provider. Changes to attendance record keeping and billing may have a negative impact on providers who serve children with low incomes, including children of color and American Indian children. If new methods for billing and/or attendance record keeping are not well-researched, this could increase negative impacts for children and providers.

Stakeholder engagement is essential to minimize unintended consequences and to explore solutions to program integrity concerns addressed in recent reports. Stakeholders must be involved to better understand impacts of new technology, requirements, and/or procedures.

## Results:

The OLA and PFM reports recommended these changes to improve child care assistance program integrity. This proposal will help achieve greater accountability and ensure that tax dollars are spent responsibly.

By undertaking a planning period, DHS will more fully understand what is needed to centralize provider registration and update billing methods and electronic attendance record keeping, which could streamline processes for child care providers and enhance the department's ability to provide oversight. It will also allow time for important stakeholder input.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 71 | 82 | 153 | 0 | 0 | 0 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 71 | 82 | 153 | 0 | 0 | 0 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 12 | Children and Family Administration(1 FTE through FY 21) | 105 | 120 | 225 | 0 | 0 | 0 |
| GF | REV1 | FFP @ 32% | (34) | (38) | (72) | 0 | 0 | 0 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | .75 | 1 | | 0 | 0 | |

## Statutory Change(s):

**Change Item Title: Strengthening Oversight of the Child Care Assistance Program**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 1,023 | 1,071 | 1,211 | 1,211 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 1,023 | 1,071 | 1,211 | 1,211 |
| **FTEs** | **10** | **10** | **10** | **10** |

**Recommendation:**
The Governor recommends funding to add 10 FTE staff to the Office of Inspector General (OIG) to strengthen the state's oversight of the Child Care Assistance Program (CCAP).

**Rationale/Background:**
The Financial Fraud and Abuse Investigations Division (FFAID) in the Office of Inspector General (OIG) is responsible for supporting program integrity in Minnesota's public assistance programs, including CCAP. Working with law enforcement, business partners, and regulators, FFAID identifies, investigates, and prevents suspected cases of fraud and abuse. Fraud, waste, and abuse in Minnesota's public programs – including its CCAP program – costs millions of dollars every year, diverting funds that could otherwise be used for the people we serve.

CCAP helps families pay for child care so that parents can work or go to school. It also helps ensure that children are well cared for and prepared to enter school ready to learn. The program serves approximately 15,000 families and 30,000 children each month. Strengthening the Department's capacity to oversee this program increases accountability and helps ensure that funds are spent effectively for the children and families who truly need them. Program integrity measures also decrease the risk and potential harm to recipients who do not receive necessary services, are exposed to unnecessary or inappropriate services, or may be subject to coercion and exploitation.

Obtaining recoveries from providers who commit fraud is difficult and rarely occurs, resulting in multimillion-dollar losses to public programs. By strengthening the data analytic capacity of the OIG to intervene in suspected cases of fraud and abuse, the Department will be able to better safeguard Minnesota's CCAP program.

The Licensing Division is responsible for licensing and regulating child care centers in Minnesota. Child care center licensors help to ensure that child care centers provide healthy, safe and developmentally-appropriate services to children. Through the course of their work, licensors identify programs that are struggling to provide services that meet the minimum licensing standards. Sometimes they are the same programs that are committing CCAP fraud. Whenever licensors recognize potential indicators (red flags) of fraud, they report that information to FFAID staff.

Historically, licensors strived to visit child care centers for an on-site visit every other year; however, the Licensing Division lacked adequate staffing to complete biennial reviews while also addressing licensing complaints and assisting new applicants through the complex process of obtaining a license. In the past year, the Licensing Division has instituted quarterly visits for programs on a conditional license that are struggling to meet licensing standards. These more frequent visits allow the Department to provide ongoing technical assistance and monitor their progress in making the required changes to have their full license reinstated. In 2017, the Minnesota

Legislature provided funding for additional licensors and now requires that child care centers have at least one unannounced visit each year. However, the Licensing Division lacks the resources to visit new centers at regular intervals during the first year of operation.

Finally, FFAID contracts with the BCA for two law enforcement officers to conduct criminal investigations of child care providers in the CCAP program. With only two agents, the criminal investigative capacity in CCAP is limited.

## Proposal:

This proposal will strengthen the state's capacity to oversee CCAP by expanding the OIG in the following ways:

First, FFAID will add two data analysts to strengthen the Department's ability to identify, detect, and prevent fraud and abuse in Minnesota's CCAP program. By strengthening the Department's capacity for data analysis, this proposal will allow the Department to leverage fraud and abuse data analytics for both preventive and retrospective activity. The Department is increasingly reliant on automated systems to administer public programs and to prevent, detect and take corrective action on fraudulent and abusive behavior. At the same time, those that commit fraud and abuse are becoming more technology and billing savvy, allowing them to exploit weaknesses within the DHS payment system and within program policies. Adding data analytic capacity will provide needed assistance in finding fraud and allow the CCAP Investigations Unit within FFAID to focus its limited resources in areas with the greatest risk of fraud.

Second, this proposal will allow the Licensing Division to conduct more frequent inspections to ensure the health and safety of children in care, provide technical assistance for newly-licensed programs, monitor struggling programs more closely, and evaluate whether the program should be referred to FFAID for further evaluation. Specifically, funding to hire eight additional staff would allow licensing staff to conduct quarterly visits for newly-licensed centers during the first twelve months of operation and also for existing centers who are either on conditional status or have a recent history of significant noncompliance with licensing requirements. In all cases it will allow the Department to provide the programs with a significantly higher level of technical assistance to help them succeed and sufficient monitoring to identify issues, including potential fraudulent activity, before it flourishes.

The additional technical assistance and licensing visits that will result from this proposal will benefit the prospective and newly-licensed centers in complying with licensing regulations and program rules and will contribute to greater oversight of CCAP.

This proposal also allows for an increase to an existing BCA contract, which would fund two additional law enforcement officers who would conduct criminal investigations in CCAP cases.

## Fiscal Impact:

This proposal adds 2 CCAP Data Analysts and 8 FTEs in the Licensing Division, for a total of 10 FTEs in the OIG. The 8 FTEs for the Licensing Division are made up of five licensors, one supervisor, one administrative support staff, and one data analyst, who will assist with monitoring, determining whether a program should receive heightened monitoring, and tracking measurable outcomes of the unit. These FTEs will cost $673,354 for FY2019 and $721,790 every year thereafter.

Currently, there is $310,000 allocated to contract with the BCA for two law enforcement officers. An additional $350,000 is being requested to increase the BCA contract to add two additional law enforcement officers who will conduct criminal investigations in CCAP cases.

## Equity and Inclusion:

The Department is committed to balancing program integrity with equitable and inclusive policies for the people we serve. This proposal seeks to address program integrity issues in CCAP by bolstering the oversight capacity of

the Department of Human Services and its Office of Inspector General, while ensuring that child care centers needing technical assistance from the Department, but who are not displaying signs of fraudulent behavior, receive the support and guidance they need to remain licensed rather than be referred to FFAID.

## IT Related Proposals:

N/A

## Results:

Providers found to have committed significant program violations because of fraudulent or abusive conduct will be suspended or disqualified from the program. Recovering funds paid to these providers is very difficult, but by removing them from the program, fraudulent payments will be stopped. This proposal will increase the number of fraudulent providers removed from the program, ensuring that CCAP funds are being spent on the children and families who truly need them.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 1,023 | 1,071 | 2,094 | 1,211 | 1,211 | 2,422 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 1,023 | 1,071 | 2,094 | 1,211 | 1,211 | 2,422 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | 10 FTEs, Salary, Fringe and Overhead | 990 | 1,061 | 2,052 | 1,201 | 1,201 | 2,402 |
| GF | REV 1 | FFP @ 32% of Total Costs | (317) | (340) | (657) | (340) | (340) | (680) |
| GF | 11 | MN Department of Public Safety BCA Contract (2 Law Enforcement Investigators) | 350 | 350 | 700 | 350 | 350 | 700 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 10.0 | 10.0 | | 10.0 | 10.0 | |

## Statutory Change(s):

N/A

**Change Item Title: Federal Compliance with Outpatient Pharmacy Rule**

| Fiscal Impact ($000s) | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|---|
| General Fund | | | | | |
| Expenditures | 70 | 1,534 | 1,489 | 1,485 | 1,558 |
| Revenues | 0 | 0 | 0 | 0 | 0 |
| Other Funds | | | | | |
| Expenditures | 164 | 2,050 | 2,165 | 2,334 | 2,524 |
| Revenues | 0 | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 234 | 3,584 | 3,654 | 3,819 | 4,082 |
| **FTEs** | **0** | **0** | **0** | **0** | **0** |

### Recommendation:

Effective April 1, 2019, the Governor recommends modernizing the fee-for-service Medical Assistance reimbursement for outpatient prescription drugs to more accurately reflect their costs and the cost of dispensing them. These changes will bring Minnesota into compliance with the federal 2016 Covered Outpatient Drugs final rule.

### Rationale/Background:

In March 2016, the Centers for Medicare and Medicaid Services (CMS) finalized a new administrative rule on covered outpatient drugs. The rule, which applies to fee-for-service Medical Assistance, is intended to ensure that pharmacy reimbursements more accurately reflects what pharmacies pay to acquire and dispense drugs.

The rule requires that prescription drug reimbursement not exceed the actual acquisition cost of the drug plus a professional dispensing fee. Actual acquisition cost measures a pharmacy's actual cost to obtain a prescription drug from a wholesaler or manufacturer. Both the acquisition cost and the dispensing fee must be based on a survey or other reliable supporting data.

The rule also changed how pharmacy providers who have access to discounted drug pricing through the 340B program are reimbursed. The 340B program allows disproportionate share hospitals, critical access hospitals, family planning clinics and federally qualified health centers to purchase drugs at a significant discount. The federal Health Resources and Service Administration (HRSA) establishes a ceiling price which is the maximum price a manufacturer can charge for a medication sold to a 340B provider. Under the new rule, reimbursement cannot exceed the HRSA 340B ceiling price plus a professional dispensing fee for 340B procured medications.

The rule became effective in April 2017 and states were given a grace period to come into compliance. Minnesota is currently one of only four states not in compliance with the rule. The state faces the potential loss of an estimated $190 million per year in federal matching funds if we do not come into compliance.

### Proposal:

This proposal updates Minnesota's pharmacy reimbursement formula for outpatient prescription drugs under fee-for-service Medical Assistance to comply with federal requirements. The new reimbursement methodology would be effective April 1, 2019.

This proposal updates the reimbursement methodology for outpatient pharmacy services under fee-for-service Medical Assistance in the following ways in order to comply with the federal rule:

- Requires the medication itself be reimbursed for the actual acquisition cost according to nationally recognized benchmarks. The proposal would also provide a 2 percent add-on payment to cover the cost of the provider tax that is applied to pharmacy wholesalers and passed on to pharmacy providers, subject to federal approval.
- Increases the professional dispensing fee for pharmacy providers from $3.85 to $10.48 (based on survey data from a similarly situated state, Indiana). This proposal also establishes ongoing cost-of-dispensing surveys for Minnesota, which would be conducted every three years. Survey results will be reported to the legislature to inform future updates to the dispensing fee to help ensure fees reflect the actual cost.
- Aligns the reimbursement for drugs purchased through the federal 340B program with the federal rule's requirement that medications purchased through the 340B program be reimbursed at the provider's cost. This proposal also includes a supplemental payment of $1.5 million per year (state share) to mitigate the impact on hospital providers that are most impacted by this change.

The proposal also changes how the state manages a particularly expensive class of prescription drugs, hemophilia clotting factor, in order to achieve savings to offset the cost of coming into compliance with the federal rule. This proposal repeals a statute prohibiting DHS from managing hemophilia clotting factor on the state's Preferred Drug List. Once this prohibition is eliminated, the state could achieve savings through supplemental drug rebates and/or shifting the market to less expensive, therapeutically appropriate alternatives. Currently, there is no incentive for drug manufacturers to offer DHS discounts as they don't have to compete to have their drugs listed as preferred because of this prohibition. Removing the prohibition is expected to prompt manufacturers to offer supplemental drug rebate offers.

This proposal assumes the continuation of the 2 percent increase to payment rates to providers and managed care organizations to offset the cost of paying the provider tax on Medical Assistance and MinnesotaCare expenditures, as proposed in a separate Governor's budget recommendation.

The total fee-for-service reimbursement for pharmacy services was approximately $245 million in 2017. Based on modeling of claims data using the existing methodology compared to the new methodology, it is estimated that the higher dispensing fee, reimbursement at actual acquisition cost, and the 2 percent add-on to offset provider tax payments will result in a 4.06 percent increase to overall fee-for-service pharmacy spending. The cost will be offset by a projected 1.95 percent reduction in pharmacy spending due to the savings associated with changing 340B reimbursement to the HRSA ceiling plus a professional dispensing fee and a 0.22 percent reduction from managing hemophilia clotting factor. The result is net increase of 1.89 percent in outpatient pharmacy payments.

DHS will also need additional contracts with vendors to record 340B pharmacy data in order to perform the new pricing calculations and to conduct a cost of dispensing survey every three years.

### Equity and Inclusion:

This proposal updates the reimbursement methodology for outpatient drugs under Medical Assistance. It is not anticipated that these changes will expand or restrict access to prescription drugs for Medical Assistance enrollees. However, hospitals that participate in the 340B program and dispense high-cost medications (e.g. HIV/AIDS medications), will be disproportionately impacted by these changes. This proposal includes funding to help mitigate these impacts to ensure that it does not create barrier to accessing care for enrollees.

### IT Related Proposals:

System changes to the MMIS claims system will be needed to pay for prescriptions using the new pricing methodology. The cost of these changes is reflected in the fiscal detail.

### Results:

This proposal brings Minnesota into compliance with federal requirements.

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 19 | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|---|
| General Fund | | | 70 | 1,534 | 1,489 | 3,023 | 1,485 | 1,558 | 3,043 |
| HCAF | | | 164 | 2,050 | 2,165 | 4,215 | 2,334 | 2,524 | 4,858 |
| Federal TANF | | | | | | | | | |
| Other Fund | | | | | | | | | |
| **Total All Funds** | | | 234 | 3,584 | 3,654 | 7,238 | 3,819 | 4,082 | 7,901 |
| **Fund** | **BACT#** | **Description** | **FY 19** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | MA Grants | (4) | 1,454 | 1,452 | 2,906 | 1,448 | 1,444 | 2,892 |
| HCAF | 33 | MA Grants | 164 | 2,050 | 2,165 | 4,215 | 2,334 | 2,524 | 4,858 |
| GF | 11 | Systems (MMIS @ 29%) | 15 | 3 | 3 | 6 | 3 | 3 | 6 |
| GF | 13 | HCA Admin (Contract) | 87 | 113 | 50 | 163 | 50 | 163 | 213 |
| GF | REV1 | FFP @ 32% | (28) | (36) | (16) | (52) | (16) | (52) | (68) |
| | | **Requested FTE's** | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 19** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | | |

## Statutory Change(s):

256B.0625 and 256B.064.

**Change Item Title: Updating Durable Medical Equipment Payment Methodology**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (4,742) | (2,910) | (566) | (696) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (4,742) | (2,910) | (566) | (696) |
| **FTEs** | **0** | **0** | **0** | **0** |

**Recommendation:**
The Governor recommends modifying the payment methodology for durable medical equipment under Medical Assistance to align with federal law that limits the amount of federal matching funds available to pay for certain products. The Governor also recommends modifications and reforms to how payment rates are calculated for items that are not subject to the new federal limits in order to simplify the payment structure and provide greater transparency.

**Rationale/Background:**
For several years, Medicare has competitively bid for durable medical equipment, prosthetics, orthotics and supplies. In doing so, Medicare has recognized savings by lowering their rates. Federal legislation was passed directing the Centers for Medicare and Medicaid Services (CMS) to cap federal financial participation under Medicaid at the aggregate value that would have been paid for certain durable medical equipment products had they been paid at the Medicare rate. The 21st Century Cures Act passed in December of 2016 moved up the effective date for this provision to January 1, 2018.

Under this new federal law, DHS is required to provide an annual analysis of durable medical equipment to show CMS whether the state pays more than the Medicare rate. Minnesota currently pays rates in excess of the Medicare competitively bid rates and must recover overpayments from providers beginning in 2019 in order to comply with the new federal payment limits. Due to the timing of claim payments, this analysis will be performed up to 18 months after a provider has been paid. The model of paying more than the Medicare rate and later recovering the overpayment creates financial uncertainty for the state and providers. In 2017, the legislature approved the use of state funding to replace the lost federal funding for one specific type of ventilator, and therefore that item is not subject to payment recoveries.

In addition, current state law does not define a payment methodology for durable medical equipment that do not have a Medicare rate. The rates are based on a methodology outlined in administrative rule and are calculated in a complex manner that is based on a percentage of billed charges. As billed charges have no correlation to a provider's acquisition cost, this methodology is inefficient, unpredictable and administratively complex. Reforming the calculations to be based on provider costs, rather than billed charges, will ensure that DHS purchases equipment efficiently. Stating the calculation in state law ensures transparent rate setting for all parties.

**Proposal:**
This proposal changes the Medical Assistance reimbursement formula for durable medical equipment that is also covered by Medicare to pay equivalent to the Medicare rate. Aligning the Medical Assistance rate with the

Medicare rate is one way to bring Minnesota into compliance with federal law and eliminates the risk that providers may experience take backs. This proposal does not change the state law providing supplemental state funding for the specific ventilator rate that was addressed in 2017.

This would reduce payment for durable medical equipment starting in FY 2019 and reduce the value of recoveries in the forecast starting in FY 2021. The fiscal effect of this proposal is the state share of the difference between the savings from lower durable medical equipment payments offset by the cost of no longer recovering payments over the Medicare limit. Projected fee for service Medical Assistance expenditures for durable medical equipment are expected to reach nearly $171 million in FY 2020-21. This change in payment timing and the reimbursement formula are expected to reduce expenditures in the FY 2020-21 biennium by roughly $8.2 million or 4.7 percent.

This proposal also simplifies the reimbursement formula for products that don't have a Medicare rate. The new methodology would be based on the provider's costs, not billed charges, to ensure the state pays a fair, predictable and efficient rate. At this time, DHS cannot provide the cost impact of rebasing durable medical equipment that do not have a Medicare rate as we do not have provider cost data to compare against current rates.

## Equity and Inclusion:

This proposal is not anticipated to adversely impact any particular group of individuals in need to durable medical equipment. DHS will be monitoring any impact on access as a result of these changes.

## IT Related Proposals:

This proposal would require changes to the payment rates loaded in the MMIS system.

## Results:

A decrease in the number of DHS member help desk calls concerning enrollee access to DME.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (4,742) | (2,910) | (7,652) | (566) | (696) | (1,262) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | (4,742) | (2,910) | (7,652) | (566) | (696) | (1,262) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 ED | MA Grants | (4,054) | (2,494) | (6,548) | (501) | (616) | (1,117) |
| GF | 33 AD | MA Grants | (20) | (14) | (34) | (2) | (3) | (5) |
| GF | 33 FC | MA Grants | (673) | (403) | (1,076) | (64) | (78) | (142) |
| GF | 11 | Systems state share (MMIS @ 29%) | 5 | 1 | 6 | 1 | 1 | 2 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

256B.766 and 256B.767.

**Change Item Title: Medical Assistance for Employed Persons w/Disabilities Federal Conformity**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 33 | 7 | 7 | 7 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 33 | 7 | 7 | 7 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends updating state law governing Medical Assistance for Employed Persons with Disabilities (MA-EPD) to conform to components of the Medicaid state plan amendment approved by the federal Centers for Medicare and Medicaid Services (CMS) regarding continued eligibility and the treatment of assets when an individual reaches age 65 and is no longer working.

### Rationale/Background:

The Medical Assistance program contains a category of eligibility known as “Medical Assistance for Employed Persons with Disabilities” (MA-EPD) that encourages people with disabilities to become employed by allowing them to keep more of their assets, via disregards, while maintaining the health care services that allow them to work.

In 2012, the Minnesota Legislature responded to concerns from consumers and advocates that:

- Once a person retired and wanted to maintain Medical Assistance coverage they had no choice but to spend their assets and retirement savings down to the $3,000 asset standard ($6,000 for a couple) under the “elderly” category of eligibility.
- Once a person reached the age of 65, they became ineligible for MA-EPD even if they wanted to continue working.

In response, the law governing MA-EPD was revised to:

- Allow people to stay in MA-EPD after age 65 if they continued working; and
- To provide the same disregards they had in MA-EPD category as they retired and moved to the “elderly” category of eligibility. This “portable” disregard would only apply to people who had been continuously enrolled in MA-EPD for two years before their 65th birthday.

DHS consulted with CMS several times prior to enactment of these changes and CMS confirmed that this approach was permissible under federal law. There were also other states that had similar disregards already approved. Based on that information, the new policy was implemented in 2012, and the state plan amendment was submitted to CMS for approval.

However, upon submission of the state plan amendment CMS raised concerns that resulted in years of discussion and negotiation. Ultimately, CMS approved portions of the state plan amendment with some modifications and disapproved other elements. DHS has requested a formal reconsideration of the disapproved state plan amendment.

## Proposal:

This proposal would amend state law to comply with the approved state plan components that are most consistent with the original legislative intent. DHS will continue to apply the policy of the other state law provisions that were not approved by CMS until the appeal is resolved.

This proposal changes state law to:

1. Amend the 24-month rule to state that the enrollee only has to be enrolled in MA-EPD for any 24 consecutive months, rather than the 24 consecutive months prior to turning age 65, and
2. Require MA-EPD enrollees to designate assets as an Employment Incentive Asset Account (EIAA) while they are enrolled in MA-EPD in order for the assets to be disregarded from counting toward the Medical Assistance asset limit when the enrollee stops working and moves from MA-EPD to the Medical Assistance for people age 65 and older eligibility category.

This proposal affects the rules for assessing assets for MA eligibility of former MA-EPD enrollees. It could lead to some individuals losing months of MA eligibility, and to other individuals gaining months of MA eligibility. Periods of eligibility loss or gain relative to current law are likely to be short as assets may be spent down to address health care or long-term care needs during a period of ineligibility. Given the limited scope of impact, and without any evidence of whether the net impact is more likely to be positive or negative, we assume a negligible fiscal impact on total months of MA eligibility and MA program expenditures. The costs reflected in the fiscal detail are related to IT systems updates to implement these changes.

## Equity and Inclusion:

MA-EPD is designed to encourage individuals with disabilities to work and allows them to earn additional income and assets while maintain their health care coverage.

## IT Related Proposals:

This proposal requires systems updates to MAXIS.

## Results:

This proposal conforms state law to the approved Medicaid state plan amendment.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 33 | 7 | 40 | 7 | 7 | 14 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 33 | 7 | 40 | 7 | 7 | 14 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Systems state share (MAXIS @ 55%) | 33 | 7 | 40 | 7 | 7 | 14 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

**Statutory Change(s):** 256B.056

**Change Item Title: Background Study Federal Compliance**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 120 | 161 | 161 | 161 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | | | | |
| Revenues | | | | |
| Net Fiscal Impact = (Expenditures – Revenues) | 120 | 161 | 161 | 161 |
| **FTEs** | **2.3** | **2.3** | **2.3** | **2.3** |

## Recommendation:

The Governor recommends $281,000 in FY 2020-21 to pay for the search of up to three additional databases for child care background studies. This change is required by federal law as a part of the Child Care Development Block Grant. The funding allows providers to continue to pay the current background study rate.

The General Fund dollars will pay for the new study elements for an estimated 15,000 child care providers per year who are not currently affiliated with a licensed, certified, or enrolled program. Each check will be good for five years.

This proposal also brings the state into compliance with FBI standards for obtaining out-of-state records for all DHS background studies.

## Rationale/Background:

The federal Child Care and Development Block Grant was reauthorized in 2016. This is Minnesota's primary source of federal funding for the Child Care Assistance Program (CCAP). As a part of the new law and regulations, states were required to expand health and safety requirements for licensed child care programs and providers who receive CCAP. Included within the health and safety changes were new standards for background studies.

In 2017 and 2018, the Legislature made changes to state law to bring Minnesota into compliance with the federal law. As a result, providers are now receiving studies that include a search of five of the eight required databases. The remaining three were not available or reasonable to implement at the time of other legislative changes.

Currently, Minnesota is working under the last available waiver to come into federal compliance. All child care providers will need to have a fully federally compliant study by the end of 2020. This proposal requires providers who have already had an enhanced study to acknowledge receipt of a revised privacy notice, but they would not need to submit a new study or re-pay.

For all DHS background studies, the FBI has strict protocols for the use and dissemination of data they possess. This proposal requires DHS to obtain the source record for any potentially disqualifying crime from the court or law enforcement entity in another state, which will bring Minnesota into federal compliance.

## Proposal:

This proposal requires child care providers to have a fully federally compliant study by 2020. The provider types include: licensed child care centers, licensed family child care programs, legal non-licensed providers, and certified license-exempt centers. The three additional name-based searches that must be conducted include:

- The National Crime Information Center
- National Sex Offender Registry
- For anyone who lives outside of Minnesota or who has lived outside of the state in the last five years, a search of the criminal and sex offender databases in the other state(s).

These searches are required of:

- Individuals who are employed by a child care program or who are supervising children in a program
- Household members over the age of 18 in licensed family child care programs and legal non-licensed child care providers.

These searches, especially of the out-of-state criminal and sex offender registries, cannot easily be automated. When communicating with other states, there are typically four postal service-based exchanges of information that must be completed by the study subject, DHS staff, and the other state.

This proposal also includes two policy changes related to compliance with federal child care law. The first change clarifies that a child care worker cannot have direct contact until the Minnesota criminal and, for adults, the FBI check, is completed. The second change updates the definition of who needs a study as it relates to supervision and contractors.

For FBI compliance, when an FBI check is required by law and a rap sheet is returned to DHS, this proposal requires that the Department obtain the source record for any potentially disqualifying crime directly from court or law enforcement entity that created it. This is currently done on about 84% of studies were out of state information is used to disqualify a person. DHS anticipates a 20% increase in work to obtain these records because of these changes.

Searching the three child care databases is expected to take about 4,200 hours annually – or about 2 FTEs. These FTEs will cost approximately $148,000. There is also an estimated $75,000 in annual fees that DHS needs to pay to other states to complete these checks. In total, the child care changes will cost about $213,000 annually.

In order to comply with the FBI requirements, this proposal estimates a 20% increase in the number of out of state records that will need to be requested and provides funding for one-third of an FTE to manage this increase. This one-third of an FTE will cost about $23,000 annually.

## Equity and Inclusion:

None.

## IT Related Proposals:

System changes to NETStudy 2.0 will be needed.

## Results:

These additional checks will improve protections for hundreds of thousands of children served throughout the state.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | $120 | $161 | $281 | $161 | $161 | $322 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| **Total All Funds** | | | $120 | $161 | $281 | $161 | $161 | $322 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Background Studies FTE | $102 | $162 | $114 | $162 | $162 | $173 |
| GF | 11 | Background Studies Fees to Other States | $75 | $75 | $150 | $75 | $75 | $150 |
| GF | REV1 | FFP | ($57) | ($76) | ($133) | ($76) | ($76) | ($151) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | | 2.3 | 2.3 | | 2.3 | 2.3 | |

## Statutory Change(s):

MS 245C

# Department of Human Services

## FY 2020-21 Biennial Budget Change Item

**Change Item Title: False Claims Act Compliance**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

**Recommendation:**

The Governor recommends legislation which would bring Minnesota into compliance with the Federal False Claims Act, preserving Minnesota eligibility for the federal financial incentive.

**Rationale/Background:**

In January of 2017, Minnesota was notified by the U.S. Department of Health and Human Services (DHHS), Office of Inspector General, that Minnesota's False Claims Act did not qualify for the federal incentive because the potential penalty is fixed in statute, and because this penalty is lower than is federally required. Minnesota's current penalty is defined in statute as not less than $5,500 and not more than $11,000 per false or fraudulent claim. The federal penalty, which is currently in the range of $10,781 to $21,563 per false claim, is tied to the Federal Civil Penaties Inflation Adjustment Act of 2015, which may cause the penaties to fluctuate from year to year. This proposal allows Minnesota to remain eligible for the federal financial incentives without the need for changes in legislation every time there are changes to the penalties at the federal level due to inflation.

Minnesota is currently eligible for the Federal Financial Incentive, due to the Department of Health and Human Services giving Minnesota a grace period until December 31, 2018. This means that for any action brought by Minnesota under the Minnesota False Claims Act, the federal share is reduced by 10% and that money is retained by Minnesota. Changes to the False Claims Act must happen during the 2019 legislative session because Minnesota will be out of compliance and therefore not eligible for the 10% federal financial incentive as of January 1, 2019.

**Proposal:**

This proposal seeks to amend Minnesota's False Claims Act so it will always comply with the Federal False Claims Act penalty requirements, allowing Minnesota to be eligible for the federal financial incentive.

**Equity and Inclusion:**

There are no groups that are specifically targeted by this proposal. This proposal will benefit all Minnesotans.

**IT Related Proposals:**

N.A.

**Results:**
While it is difficult to predict when and if Minnesota will submit claims under the Federal False Claims Act, this proposal will ensure that the state continues to qualify for the federal financial incentive in the event that claims are submitted.

**Statutory Change(s):**
15C.02

**Change Item Title: Create Separate Skilled Nursing Visit Code**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (29) | (276) | (260) | (244) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (29) | (276) | (260) | (244) |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:
The Governor recommends complying with federal HIPPA codes and billing requirements by creating billing code for home health agencies to bill Medical Assistance (MA) for a skilled nurse visit performed by a licensed practical nurse (LPN).

### Rationale/Background:
In 2017, Minnesota was notified that a single procedure code for skilled nursing visits was noncompliant with current Health Insurance Portability and Accountability Act (HIPAA) procedure codes. Separating the RN and LPN billing codes is essential to ensure ongoing compliance with federal procedure code requirements for skilled nursing visits and provides cost savings.

### Proposal:
This proposal will bring Minnesota into compliance with the appropriate use of federal HIPAA compliant codes and the 8371 Minnesota Uniform Companion Guide by using separate procedure codes for RN and LPN services for skilled nurse visits. Currently, home health agencies are billing for both RN and LPN skilled nurse visits under one code. Home health agencies will continue to utilize the current code when an RN provides the nursing services during a skilled nurse visit. This proposal seeks to activate a second code and create a different rate for LPN skilled nurse visits. The rate for a LPN will be lower than the rate for a RN skilled nurse visit, so this proposal will result in savings. Currently, the rate is $75.02 per skilled nurse visit. The LPN rate will be 84% of the RN rate, or $63.01 per visit. This proposal will impact Medical Assistance state plan home health costs, through fee-for-service and through managed care, as well as Alternative Care.

There will be a systems impact for changes in the Medicaid Management Information System (MMIS). MNIT estimates that it will take 9 months to implement so the savings are reduced in FY2020. This proposal does not have any impact to local government.

### Equity and Inclusion:
This proposal impacts people with disabilities and older adults that receive skilled nurse visits. These visits are a vital component to ensuring people with complex health needs are able to live in communities of their choosing and still receive services from nurses to avoid institutionalization. Splitting skilled nurse visit codes provides savings and ensures ongoing compliance with federal rules.

## IT Related Proposals:

This proposal will impact the MMIS system and will have a total cost of $67,525 in FY 19 and $13,505 of ongoing maintenance costs to add a new procedure code for billing LPN skilled nurse visits. The existing code will only be used to bill for RN skilled nurse visits. The work to create the new code is currently estimated to last 9 months, following approval. The MMIS state share is 29% of the total cost.

## Results:

DHS will monitor the implementation of this proposal by monitoring the proportion of the number of paid units between LPN and RN's.

For comparison, paid units for Skilled Nurse Visits are provided in the table below:

| Skilled Nurse Visits, Paid Units | | |
|---|---|---|
| **Payer Type** | **FY2015** | **FY2016** |
| Fee for Service | 176,100 | 164,605 |
| Managed Care | 381,867 | 384,725 |
| **Total** | **557,967** | **549,330** |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (29) | (276) | (305) | (260) | (244) | (504) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | (29) | (276) | (305) | (260) | (244) | (504) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 33 | MA LW | (11) | (63) | (74) | (59) | (55) | (114) |
| GF | 33 | MA ED | (35) | (195) | (230) | (182) | (168) | (350) |
| GF | 34 | Alternative Care | (3) | (22) | (25) | (23) | (25) | (48) |
| GF | 11 | Systems (MMIS) | 20 | 4 | 24 | 4 | 4 | 8 |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

Uncodified law directing the Department to establish and implement a Skilled Nursing Visit code specific to LPNs.

# Department of Human Services

## FY 2020-21 Biennial Budget Change Item

**Change Item Title: Modernization of the Telephone Equipment Distribution Program**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor reccomends implementing the recommendations made in the 2018 Department of Human Services (DHS) legislative report, "Modernizing Minnesota's Telephone Equipment Distribution (TED) Program."[1] The recommendations include adding new telecommunications products to be offered through the program and adding two new services to assist program participants who have hearing loss, combined hearing and vision loss, speech disabilities and physical disabilities.

This request has no impact on the General Fund. The TED program is funded through the Telecommunications Access Minnesota (TAM) special revenue account. The impact on the TAM account is estimated to be less than $21,000 per year. It is not expected to result in an increase to the telephone surcharge amount needed to fund the TAM account.

### Rationale/Background:

Many people with communication disabilities[2] do not have 'functionally equivalent' access to Minnesota's telecommunications services. Several factors are at play: telephone equipment isn't designed for people with communication disabilities, modern telephone service provided through cell phones and the internet are not readily and affordably available in all areas of the state, and assistive devices such as hearing aids that could improve communication for many people with hearing loss are expensive.

The TED program was established as one avenue to improve that access by providing specialized telephone equipment. To be eligible for the TED program, a person must 1) be deaf, deafblind, hard of hearing, or have a speech or physical disability that affects communication abilities over the telephone, 2) meet income guidelines, 3) have telecommunications services in place or be applying for telecommunications services, and 4) be a resident of Minnesota.

The statutes creating the TED program were established in the late 1980s when the telephone service landscape looked much different than it does today. As the telecommunications industry evolved, DHS and the Commission of Deaf, DeafBlind and Hard of Hearing received many comments from people with communication disabilities about their frustration with inequitable access to telecommunication services. The TED program has seen

[1] "Modernizing Minnesota's Telephone Equipment Distribution Program"; https://mn.gov/dhs/assets/2018-01-modernizing-TED-report_tcm1053-323922.pdf

[2] For purposes of the TED program, these are people who are deaf, deafblind, hard of hearing, or who have speech or physical disabilities that affect their ability to effectively use telecommunications.

declining numbers of participants in part due to the equipment options offered in the TED program but also due to the difficulty people have accessing affordable cell phone and internet service.

As the department responsible for delivering the TED program, DHS began to strategize about modernizing the TED program to reach more of the Minnesotans who could be eligible for the program and find benefit from it. DHS started a pilot program to test the effectiveness of distributing smartphones and tablets. Tablets can be useful for visual telecommunications for people who use sign language. Planning for phase two of the pilot will be soon underway.

At the same time, the 2015 legislature asked DHS to conduct an analysis of its Deaf and Hard of Hearing Services. In FY16, DHS conducted two studies and produced a report for the legislature analyzing the services of the Deaf and Hard of Hearing Services Division (DHHSD), including the TED program.[3]

The 2017 legislature then asked DHS for a follow-up report with specific recommendations and recommended statute language for modernizing the TED program. DHHSD worked with the Commission of Deaf, DeafBlind and Hard of Hearing to create the January 15, 2018 report and recommendations.[4] Commerce Department staff provided subject matter expertise as the recommendations were being developed but Commerce was not involved in deciding the final recommendations.

This proposal expects to impact the number of people who apply for and participate in the TED program. Since FY11, the TED program has seen a steady decline in the number of new program participants. With the addition of more modern equipment and a service to assist people in applying for discounted telecommunication service programs, TED expects to reach a broader audience who can benefit from and are eligible for the program.

***DHS/Commerce/Public Utilities Commission (PUC) connection***

Minnesotans pay a surcharge on telephone lines. The surcharge is deposited in the TAM account. Each year, the surcharge amount is determined by the PUC, depending on how much money is needed in the TAM account. As administrator of the TAM account, the Commerce Department determines the total amount of funding needed in TAM for the coming year and recommends a surcharge amount to the PUC.

Commerce is responsible to create an interagency agreement with DHS to fund the TED program. Each spring, DHS submits a TED budget to Commerce. Commerce submits the TED budget to the PUC within its comprehensive package of TAM account expected costs.

The TAM fund pays for the TED program, Minnesota Relay Services, Relay Outreach, Rural Real-Time News Captioning grants, Accessible News for the Blind, operational costs of the Commission of the Deaf, DeafBlind and Hard of Hearing, coordinating technology accessibility and usability in MN.IT, captioning of live legislative activity streaming, and administrative costs for Commerce to oversee the fund.

## Proposal:

This proposal updates an existing program by expanding the products and services offered in the Telephone Equipment Distribution (TED) program.

Specifically, the TED program would:

- Offer telecommunications interconnectivity products. These are products that act as bridge for improving communications such as a Bluetooth streamer that connects to hearing aid, a communication app for a smart phone, or other sound amplifying devices that allow a person with a communication disability to use effectively use telecommunications.

[3] The 2015 report is available at https://mn.gov/dhs/assets/2017-01-dhhs-report_tcm1053-275360.pdf.
[4] The 2017 report is at https://mn.gov/dhs/assets/2018-01-modernizing-TED-report_tcm1053-323922.pdf.

- Offer multi-functional alerting devices. These are devices that flash a light or vibrate when a specific sound occurs, such as a ringing telephone. Alerting devices have become more sophisticated over time and most provide several functions. They not only send alerts for phones but also for ringing doorbells, smoke detector alarms, carbon monoxide alarms, etc.
- Introduce program participants to assistive technology used in other aspects of daily life, outside of telecommunications. While meeting with program participants about telephone equipment, the TED program staff will educate participants about assistive technology and assess their needs to determine communication equipment that could be useful in other situations; for example, personal listening devices ('pocket talkers') for one-to-one conversations or TV sound amplification devices.
- Assist program participants in applying for programs that offer discounts on monthly telecommunications service.

The impact on DHS will be minimal. TED is able to realign staff responsibilities to provide the additional services in this proposal because the work required for these changes is closely aligned to the current work of the TED program. No new positions are needed to accomplish this work. Funding for the interconnectivity products, multi-functional alerting devices, and outreach costs to inform the public about program changes will come from special revenue funding.

The TED program is funded through the Telecommunications Access Minnesota (TAM) special revenue account. The impact on the TAM account is estimated to be less than $21,000 per year. Base funding for the TED program in State Fiscal Year 2019 is just under $1.5 million.

DHS estimates this proposal, on its own, would not result in a need to increase in the current surcharge. Even if an impact to the surcharge was expected, no additional legislative action would be needed because the current surcharge is well within the limitation established in law. The maximum amount allowed per telephone line is twenty cents ($.20) and the current surcharge is $.05 per line.

The estimated costs to the special revenue account are for purchasing equipment to provide to participants, for outreach and website modifications, and for the DHS indirect charge.

| **TED costs** (in thousands) | **FY 20** | **FY 21** | **FY 22** | **FY 23** |
|---|---|---|---|---|
| Interconnectivity | 10 | 8 | 8 | 8 |
| Multi-functional devices | 6 | 5 | 5 | 5 |
| Outreach, website updates | 3 | 3 | 3 | 3 |
| DHS indirect | 2 | 2 | 2 | 2 |
| Total | 21 | 18 | 18 | 18 |

The implementation date for the program changes will be October 1, 2019, to allow time for DHS and Commerce to negotiate changes to the TED Interagency Agreement and for the PUC to approve the Agreement and review the surcharge.

### Equity and Inclusion:

Persons who are deaf, deafblind, hard of hearing, or who have speech or physical disabilities that affect their ability to use telecommunications equipment will be impacted by this change. This proposal will give them more options for equipment that is designed to provide functionally equivalent access to telecommunications services.

Communication disabilities present barriers to interpersonal, social and professional relationships; engagement in the family and community; and the acquisition of information and knowledge. As a result, people with communication disabilities frequently experience lack of inclusion and inequitable access to services that are readily available to others.

The population of people with communication disabilities has representatives from all racial and ethnic groups, Lesbian, Gay, Bisexual and Transgender groups and Veterans. About 10% of new TED participants in FY17 were members of a non-white racial or ethnic group. This proposal will reduce the disparity in telecommunications access experienced by people with communication disabilities.

This budget change item will be easily sustainable in the long term. The ongoing cost of this proposal is expected to fall within the scope of current law governing the TAM special revenue account. In law, the telephone surcharge that funds the TAM account has a maximum limit of twenty cents ($.20) per telephone line. The current surcharge is $.05 per line. DHS estimates this proposal on its own would not result in an increase in the current surcharge.

## IT Related Proposals:

This proposal has no IT related costs.

## Results:

Since the TED program began in 1988, over 38,000 Minnesotans have been served. Some receive an assessment and equipment once and do not need follow-up services. Others need follow-up training on their equipment, accessories, or a repeat assessment and new equipment when their telecommunications needs change. It is common for a person's needs to change over time due to, for example, a hearing loss that becomes more severe.

TED is experiencing declining numbers of new participants each year because a) most of the current equipment TED offers are for landlines and the use of landlines has dropped dramatically, b) monthly phone/internet service costs for wireless devices are too expensive for some people who fall within TED's income guidelines, and c) over-the-counter telecommunications devices have become more affordable and are 'worth the cost' for people who do not want to do the paperwork to apply for TED.

At the same time, the people who join the TED program find the equipment useful. 65% of TED participants who joined the program three years ago continue to use the equipment they received. 19% needed further services such as a re-assessment, extra training on their equipment, or replacement equipment.

DHS is starting the second phase of a TED pilot program to test whether it should distribute advanced wireless devices such as the iPhone and iPad. 86% of participants in the first phase reported having increased independence because of communication access the devices provide. The second phase will provide additional data to help DHS and the Department of Commerce decide the role of these devices in the TED program.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Number of new program participants | 563 | 524 | FY16 to FY17 |
| Quantity | Number of participants needing additional services or equipment | 1337 | 1358 | FY16 to FY17 |

| *Type of Measure* | *Name of Measure* | *Current* | *Date* |
|---|---|---|---|
| Quality | Percent of current participants still using TED equipment after 3 years | 65% | FY17 |
| Quality | Percent of current participants needing re-assessment and/or other additional services after 3 years | 19% | FY17 |
| Results | Percent of advanced communications pilot program participants who report increased independence as a result of having their TED product | 86% | FY17 |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund – Telecommunications Access Minnesota | | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 0 | 0 | 0 | 0 | 0 | 0 |

## Statutory Change(s):

Minn. Stat. §237.50 – 237.53.

**Change Item Title: Greater Minnesota Sign Language Interpreting Services Capacity**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 211 | 211 | 211 | 211 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 211 | 211 | 211 | 211 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends $211,000 per year from the general fund to increase the availability of sign language interpreting services in Greater Minnesota communities. This funding would expand several existing grant programs.

This proposal increases the total Deaf and Hard of Hearing Services (DHSS) Division grants base by 7.9%. The specific increase to Greater Minnesota interpreting service capacity building activity is 110%.

### Rationale/Background:

Minnesota's sign language interpreter referral agencies process and fill tens of thousands of requests for interpreters every year. Despite their best efforts, some Greater Minnesota communities still struggle to find enough interpreters to fill all the requests they receive. This results in a lack of communication access for people who use American Sign Language (ASL) in many aspects of daily life including medical appointments, human and social services, banking, community involvement, etc. In many communities outside of the Twin Cities, the demand for sign language interpreters is sporadic and unpredictable, which results in a sporadic and unpredictable income for interpreters. Because the demand is not sufficient to support full-time work, there is not an adequate supply of interpreters residing and working in Greater Minnesota.

The current annual base funding for Deaf and Hard of Hearing Services grantsspecific to interpreting service capacity building in Greater Minnesota is $191,000. The total base grant funding for Deaf and Hard of Hearing Services is $2,675,000 per year.

Minnesota Statute 256C.233, subd. 2 requires the Department of Human Services (DHS) Deaf and Hard of Hearing Services Division to assess the supply and demand statewide for interpreter services and build the base of service providers across the state. The Minnesota legislature provides grant funding to DHS to develop programs and services that address the interpreting services supply issues. In the early 1980's, state grant funding was used to subsidize the interpreter referral process. With the passage of state and federal laws requiring reasonable accommodations, the demand for sign language interpreters increased. Referral agencies became self-sustaining by charging fees for their referral services. State funding was no longer needed to ensure the existence of referral services because they could operate on the fees they generated.

In larger metropolitan areas, the demand for interpreting services is relatively consistent because of the concentrated populations of people who are deaf, deafblind, and hard of hearing. This consistent demand makes

it possible to have a readily available supply of interpreters who can make a full-time living providing interpreting services.

In many areas of Greater Minnesota, the demand for interpreting services is less consistent due to smaller numbers of people who are deaf, deafblind, and hard of hearing. With inconsistent demand, fewer interpreters are available and referral services have difficulty finding qualified interpreters to fill the requests they receive.

DHS focuses the grant funding provided by the legislature on creating innovative solutions for increasing the availability of interpreting services to people in all corners of the state. DHS currently has a contract with one provider to offer several programs and services that have had successful results.

DHS receives data about the program and services provided by the current grantee. Its grantee is one of nine referral agencies offering services in Greater Minnesota. To get a more comprehensive look at Greater Minnesota, DHS contacted the other eight interpreter referral services providers and requested data related to their interpreting service requests in Greater Minnesota. Of the eight providers contacted, three sent data and a fourth sent anecdotal information. One agency processed 12 requests in FY17 and a second processed 57. A third agency managed over 3,700 requests in FY17. The state's current grantee processed over 7,300 requests for interpreting services in Greater Minnesota in FY17 and over 10,000 in FY18.

For the agencies that provided DHS with data, they were able to find interpreters for 94% of the requests they received in in FY17 in Greater Minnesota. Over 11,000 requests were processed and only 629 went unfilled. This is an excellent result for many of the people in Greater Minnesota who need interpreting services but more is still needed. The 629 unfilled requests may have been for a young mother who is deaf and needed to take her infant son to the emergency room, or an older person whose first language is ASL who has a chronic medical condition and needs regular follow-up care, or a father of a growing family who needs interpreting services at his workplace to be able to keep his job.

***Education to Excellence (E2E)***

The E2E program was developed to help prepare K-12 interpreters for community interpreting work. Interpreting in K-12 classrooms requires a significantly different skill set compared to community interpreting. K-12 interpreters are an excellent resource within a community who, if only occasionally are available for community interpreting, are part of the solution for filling community interpreting needs.

The E2E program matches an educational interpreter with a Deaf Mentor and a community interpreter mentor to learn the differences between roles and responsibilities of educational interpreting and community interpreting. The mentors also help the interpreters develop the specific skills needed for working with a wide range of people and community settings.

Since the fall of 2016, 40 interpreters from areas around Moorhead, Duluth, Brainerd, and Faribault have received training through E2E. They provided interpreting services for a total of 1,370 community assignments in Greater Minnesota.

The 1,370 filled assignments are those received and processed through the one agency that holds the DHS grant. Because it is common for interpreters to work for more than one referral agency, it is possible the E2E participants have also worked through other referral agencies and filled even more than the 1,370 assignments tracked through the current grant.

The current grantee has processed a total of over 24,000 requests for interpreting services in Greater Minnesota for the 2 ½ year time period the E2E program has been in place.

***Developing Deaf Interpreters (DDI)***

DDI started in FY18. The purpose is to prepare deaf people to obtain the Certified Deaf Interpreter credential. Ten Deaf people from locations throughout Greater Minnesota joined the training program. Eight completed the first year (phase one) and took the knowledge portion of the national professional certification exam. Five (63%) passed the knowledge exam. They will begin accepting limited types of interpreting assignments in Greater Minnesota during FY19 while they complete the second year of training to prepare for the performance portion of the exam. Minnesota currently has 7 Certified Deaf Interpreters who work primarily in the Twin Cities.

A Deaf Interpreter works alongside a 'hearing' sign language interpreter. Deaf Interpreters are native ASL signers or have native-like ASL fluency and extensive understanding of Deaf Culture and the world experience of a person who is Deaf. They have the ability to do deep translations for individuals who are deaf and monolingual, or use an atypical sign language, or come from other countries with little exposure to any sign language, or have limited language skills of any sort. They also frequently provide interpreting services for people who are deafblind.

Interpreting work involves much more than word-for-word, or in this case word-for-sign, translation. Successful communication and understanding requires a message to be delivered in a language or communication system the person understands and within a cultural and experiential framework familiar to the person. For a person who does not have a strong language or experiential base, a Certified Deaf Interpreter is able to interpret and reframe a message in a way that a hearing interpreter without the same 'lens' would not be able to.

***12-Step Meeting and Funeral Access***

12-step groups such as Alcoholics Anonymous are not mandated under the Americans with Disabilities Act (ADA) or Minnesota human rights laws to provide reasonable accommodations for their participants with disabilities. While 12-step groups welcome all people as members, it is uncommon that a self-sustaining 12-step group can afford the ongoing cost of interpreting services for a member who is deaf and uses sign language. When no other funding source can be found, this grant pays for the interpreting services.

From FY16 to FY18, the demand for this funding has increased 66%. In FY18, 178 requests for interpreting services were received and 177 were successfully filled. Four consumers utilized the funding, attending an average of 44 meetings per person per year.

For funerals, the ADA applies in some situations but not all. This program pays for the interpreting services in those situations that are not covered by the ADA. In FY18, 45 requests for interpreting services were received and 43 were successfully filled.

***Travel Cost Support***

Many entities are responsible to provide reasonable accommodations under the Americans with Disabilities Act and Minnesota human rights laws. In rural communities with only sporadic demand for interpreting services, there often are no locally-based professional interpreters. In the more remote areas of the state, travel costs can be prohibitive to bring in an interpreter after paying for the interpreting time itself.

This program pays for an interpreter's travel time and costs as long as the entity responsible for providing the accommodation is willing to pay for the actual interpreting service. The vast majority (98% in FY18) of the time, travel costs associated with filling an interpreting request are paid by the entity that is responsible to provide the interpreting services. For the remaining 2% of interpreting requests that relied on the Travel Cost Support, the funding needed increased by 29% from FY17 to FY18.

***Video Remote Interpreting (VRI) Education***

VRI is an alternative method of providing interpreting services in some situations when an in-person interpreter is not available. VRI services are currently available in Minnesota but there is a general lack of understanding about when this is a viable alternative and how to effectively use interpreting services through video technology.

VRI has both opportunity and limitations. The opportunity is getting on-demand interpreting services when needed regardless of whether an interpreter lives nearby. At the same time, there are significant limitations:

1) VRI is a two-dimensional presentation of a three-dimensional language. It requires extra visual and cognitive processing and communication adaptations to be used effectively.
2) VRI requires high quality internet service or cell phone service to transmit the most clear video and audio information. Not all areas of Minnesota have the quality needed available.
3) VRI limits the interpreting process. In many situations the interpreter needs to see all the participants to able to understand the communication interactions and effectively interpret. VRI also has limitations in 'high stakes' situations such as emergency rooms, legal testimony, etc., where the level of emotional stress is high due to the nature of situation.

Many individuals who use sign language are reluctant to use VRI because they do not have enough information about how it works and in what situations it could be a successful alternative to an in-person interpreter. Entities that hire interpreters need information about the limitations of VRI so that they do not rely on it as a single solution for meeting their obligation to provide reasonable accommodations.

***Interpreting Student Internship Stipends***

If an interpreting student can develop a professional network by completing their college internship in Greater Minnesota, it may lead to job opportunities after graduation. Minnesota has three interpreter education programs, all located in the Twin Cities area. Each of Minnesota's programs requires students nearing graduation to complete an internship. It is generally easiest for interpreting students to complete their internships in the Twin Cities areas. The cost of commuting or temporarily relocating to a place outside the Twin Cities is a barrier to drawing students to Greater Minnesota. The goal of offering stipends is to draw more students to Greater Minnesota.

## Proposal:

This proposal expands the successful programs that were created with grant funding and adds two new services designed to increase Greater Minnesota's capacity to fulfill the interpreting service needs of people living in Greater Minnesota who use American Sign Language (ASL).

Expanded programs:

***Education to Excellence (E2E) ($42,000 per year for both E2E and E2E- Speciality).*** This proposal adds funding to the E2E program so that interpreters in additional communities in Greater Minnesota have the opportunity to develop competency in community interpreting. DHS expects to prepare an additional seven interpreters per year and fill an additional 504 requests for interpreting services in Greater Minnesota per year.

***Education*** **to Excellence–Specialty** is the second phase of the E2E program. It launched in FY19. In this phase, interpreters work with mentors to focus on developing the skills and language needed to interpret in highly specialized community settings such as medical, legal and mental health. This proposal provides funding to allow this second phase to be offered each year rather than every other year. DHS expects to prepare between ten and 15 interpreters per year for specialty community interpreter work. This program began in fiscal year 2019 teaching the speciality of medical interpreting.

***Developing Deaf Interpreters (DDI). ($17,000 per year)*** Additional funding will allow two phases of DDI to be offered each year. Phase 1 is preparing for the written knowledge and professional code of conduct exam of the national certification process; Phase 2 is preparing for the skills demonstration exam. DHS expects six Deaf Interpreters to participate in Phase 1 and six more to participate in Phase 2.

***12-Step Meeting and Funeral Access. ($41,000 per year for 12-step meetings access, funeral access and travel cost support)*** This proposal increases the available funding so that more people in Greater Minnesota communities can benefit from interpreting services in these situations. DHS expects at least four more people to

participate in 12-step meetings each year. In fiscal year 2018, 4 people were served in the program and they participated in an average of 45 meetings per year.

***Travel Cost Support.*** This proposal increases the funding for this activity. Based on the increase in the demand for travel cost supports from FY 17 to FY18, DHS expects to subsidize travel costs for at least 22 more interpreting requests in Greater Minnesota.

**New services:**

***Video Remote Interpreting (VRI) Education. ($49,000 per year)*** This proposal will fund the development of VRI educational materials and delivery of information and training activities to consumers and purchasers of sign language interpreting services in Greater Minnesota.

***Interpreting Student Internships. ($62,000 per year)*** This proposal will provide stipends to Minnesota residents who are college students majoring in sign language interpreting in a Minnesota college or university and who need to complete an internship as part of their graduation requirements through an accredited institution. Stipends would range between $2,500 and $7,500 per student depending on the length of the internship and would be available to up to 8 students per year to offset the internship expenses. Stipends will also be available to internship site hosts to offset their costs of hosting an intern. A part-time liaison will work with each university's internship placement staff to assist with the extra arrangements needed for a Greater Minnesota internship and will oversee stipend allocations and use.

## Equity and Inclusion:

Persons who are deaf, deafblind, and hard of hearing in Greater Minnesota will be positively impacted by this change by increasing access to sign language interpreting services.

People with hearing loss who use sign language often face barriers in interpersonal, social and professional relationships, engagement within their family and community, and the acquisition of information and knowledge. When there is insufficient availability of interpreting services, they frequently experience lack of inclusion and inequitable access to services that are readily available to others.

The population of people who are deaf, deafblind, and hard of hearing includes people from all racial and ethnic groups, those who identify as LGBTQIA, and veterans. This proposal will reduce the disparity in communication access often faced by people who are from these diverse groups and who are also deaf, deafblind, and hard of hearing.

## IT Related Proposals:

This is not an IT related proposal.

## Results:

The various programs and services in this proposal are designed to have a positive impact on one broad performance measure – the number of successfully filled requests for sign language interpreters in Greater Minnesota. Successfully filled means an interpreter accepted the request and delivered the interpreting service. While grant funding does not pay for the day-to-day operations of an interpreter referral service, it impacts the number of requests that are filled by preparing interpreters for community-based work and paying for interpreting service costs that fall outside the scope of communication access laws.

**Expanded programs:**

For the current grantee, the overall rate of filled requests improved from 96% in FY16 to 97% in FY18. The number of requests they received increased by 54% over that same time period. In FY18, the grantee received 10,256 requests for interpreting services in Greater Minnesota.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Number of Greater Minnesota interpreting assignments filled by E2E participants | 314 | 504 | FY16 to FY18 |
| Quality | Percent of E2E participants who report the program met or exceeded their expectations | 100% | 100% | FY16 to FY17 |
| Results | Percent of Greater Minnesota 12-step meetings that had interpreting services when services were requested | 100% | 99% | FY16 to FY18 |
| Results | Percent of Greater Minnesota funerals that had interpreting services when services were requested | 79% | 96% | FY16 to FY18 |

New services:

***Video Remote Interpreting (VRI) Education***

Performance measures will include:

- Number of people who are deaf, deafblind, hard of hearing who participate in VRI educational activities
- Number of purchasers of interpreting services who participate in VRI educational activities
- Percent of participants who would refer others to the educational activities
- Percent of participants who are purchasers of interpreting services who demonstrate improvement in their understanding of best practices for use of VRI

***Interpreting Student Internships***

Performance measures will include:

- Number of students receiving internship stipends and number of internship sites
- Percent of participating interns who would recommend the program to others
- Percent of participating interns who have a positive response when asked if they would consider working in Greater Minnesota after graduation
- Percent of participating interns who work at least part time in Greater Minnesota after graduation

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 211 | 211 | 422 | 211 | 211 | 422 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 211 | 211 | 422 | 211 | 211 | 422 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 54 | Greater MN interpreting services | 211 | 211 | 422 | 211 | 211 | 211 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 0 | 0 | 0 | 0 | 0 | 0 |

## Statutory Change(s):

No statutory change is required.

**Change Item Title: Early Intensive Developmental & Behavioral Intervention Criminal Background Studies**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 20 | 20 | 20 | 20 |
| Revenues | (20) | (20) | (20) | (20) |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

**Recommendation:**
The Governor recommends including Early Intensive Developmental and Behavioral Intervention (EIDBI) autism benefit service providers within the background study requirements of Minnesota Statutes Chapter 245C, including a requirement for provider staff to undergo a background study through the commissioner's NETStudy system, the new fingerprint based system for conducting background studies.

**Rationale/Background:**
Currently, EIDBI providers are excluded from the NETStudy system if they do not also provide other services that require background studies subject to the requirements under Chapter 245C. As a result, many of these providers are on their own to find a source to conduct background studies for prospective staff. Further, if a staff person is identified as having a criminal background, state exclusion criteria under 245C.15 do not currently apply – only federal criteria describing certain crimes involving Medicaid fraud and other financial crimes may be applied.

**Proposal:**
This proposal adds EIDBI providers to the list of providers subject to the background study requirements and restrictions in Chapter 245C, and requires them to use the NETStudy system (the department's uniform system for conducting background studies) to complete staff background studies under that chapter.

As a result, providers and DHS will have clear exclusion criteria to apply to persons who have criminal backgrounds that would otherwise prohibit them from working directly with children and vulnerable adults. It will also identify a single source for EIDBI providers that is a timely, trusted, and responsible resource for background studies.

EIDBI service providers will need to be informed of this change and trained to use the NETStudy system to implement this proposal. Since the number of providers are small, the costs for the training can be completed within existing resources.

Additional administrative and staff resources will be needed to compensate for the increased workload of the NETStudy system. However, the cost is budget neutral as the proposal recovers the cost of the

background studies through a per-study fee paid by EIDBI service providers. The fee will be $32 per transaction.

**Equity and Inclusion:**

- Children and young adults with autism spectrum disorder and related conditions will be directly impacted by this proposal; they will be protected by applying 245C background study and criminal background disqualification criteria to prospective staff. The EIDBI Advisory Group and other parent advocates have been consulted in the development of this proposal.
- The anticipated positive impact is fewer people with disqualifying criminal backgrounds will be able to access children and vulnerable adults with autism spectrum disorder and related conditions who may not be in a position to defend themselves or report maltreatment.
- Ongoing funding for department staff and administrative costs will be reimbursed via background study fees paid by EIDBI service providers.

**IT Related Proposals:**

This is not an IT-related proposal.

**Results:**

The following information will be collected from NETStudy, DHS Provider Enrollment, and SIRS audits.

- **Quantity:** How many prospective EIDBI staff persons were subject to a background study during any given year?
- **Quality:** How many of these prospective staff persons were identified as disqualified due to criminal background, and proactively blocked from working with children and vulnerable adults?
- **Result:** Have prospective staff with disqualifying criminal histories been identified and prevented from having access to children and vulnerable adults as a result of applying 245C criteria?

**Fiscal Detail:**

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total All Funds** | | | 0 | 0 | 0 | 0 | 0 | 0 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| SR | 11 | Background study expenses | 20 | 20 | 40 | 20 | 20 | 40 |
| SR | REV | Background study revenue | (20) | (20) | (40) | (20) | (20) | (40) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |

**Statutory Change(s):**

Amend Minnesota Statutes 245C.03, 245C.10, 256B.0949

**Change Item Title: HIV Statute Language Updates**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends improving access to Minnesota's healthcare coverage program for low-income Minnesotans living with HIV or AIDS to assure eligible individuals can access and maintain healthcare coverage. This proposal impacts (1) individuals who opt out of employer-sponsored insurance due to out-of-pocket costs and (2) individuals who are on Medical Assistance and MinnesotaCare and are subject to cost-sharing requirements under Minn. Stat. § 256B.0631, subdivision 2. This proposal is budget neutral because it reallocates state insurance grant dollars without a need for additional funding.

### Rationale/Background:

Minnesota primarily purchases insurance and drugs for low-income people living with HIV or AIDS through its Ryan White HIV/AIDS Program (Ryan White) Part B AIDS Drug Assistance Program, which is administered by the Department of Human Services (DHS). The HIV/AIDS healthcare coverage program authorized under Minn. Stat. §256.9365 supplements the Ryan White Program to fill gaps in coverage. A gap currently exists between the state and federal programs, resulting in some people not receiving coverage for insurance premiums and prescription drug copays, despite their eligibility for state and federal programs.

The federal Health Resources Services Administration (HRSA) requires states to either eliminate drug copays or track them as program income with a sliding scale fee and cap charges to ensure clients have access to necessary medications. Cost-sharing was eliminated for non-Medical Assistance and non-MinnesotaCare AIDS Drug Assistance Program clients effective January 2018. In order to eliminate copays at the point of sale for Medical Assistance and MinnesotaCare clients, DHS has launched long-term administrative and IT system projects. To ensure access to prescription drugs in the interim, DHS began a retroactive reimbursement process for clients.

The gap in health care coverage has impacted eligible individuals without access to medical care and treatment for their HIV or AIDS diagnosis. Such care includes routine testing for viral load and CD4 counts. This testing often gets skipped due to costs or shifted to uncompensated care by clinics and doctors, despite necessity. Managing viral suppression is essential in reducing the transmission of HIV. It also is essential in achieving improved health outcomes for people living with HIV and AIDS. A study done with AIDS Drug Assistance Program enrollees in San Diego showed that viral suppression was achieved by more patients enrolled in health insurance than only in the drug assistance program (85.5% vs 78.7%). Reaching this percentage of clients through direct reimbursement for their premiums costs would improve their ability to achieve and/or maintain viral suppression.

***Align Eligibility Requirements***

The current eligibility requirements in the state's healthcare coverage program, which include an asset test, need to be updated to align with the Affordable Care Act and Minnesota's expansion of the Medicaid program. In addition, a goal of the HIV/AIDS Unmet Need and Rebate Funds Use Report submitted to the 2015 Minnesota Legislature, was to expand the income requirements for the Minnesota Ryan White Part B AIDS Drug Assistance Program, from 300% to 400% of the Federal Poverty Guidelines. This report was the result of input from community stakeholders to prioritize spending of 340B drug rebate funds that accumulated in the AIDS Drug Assistance Program. The AIDS Drug Assistance Program has not collected asset limit documentation from clients since the Affordable Care Act was implemented in 2014.

***Expand Insurance Premium Assistance***

Nearly 20% of AIDS Drug Assistance Program clients are eligible for employer sponsored insurance, but opt out due to unaffordable out-of-pocket costs. This leaves them uninsured and only able to access the prescription drug assistance under AIDS Drug Assistance Program. DHS will utilize an existing grant program, the Health Insurance Premium Program, to reimburse AIDS Drug Assistance Program clients for out-of-pocket insurance premiums using state grant funding.

***Drug Copays and Medical Assistance/MinnesotaCare Cost-Share Relief***

In order to comply with HRSA guidance related to prescription drug co-pays, the DHS AIDS Drug Assistance Program eliminated copays. Copays were eliminated for non-Medical Assistance and non-MinnesotaCare AIDS Drug Assistance Program clients effective January 2018. Eliminating copays for clients on MA or Minnesota will be implemented in two phases.

In the first phase, DHS will utilize the Health Insurance Premium Program, to reimburse AIDS Drug Assistance Program clients for out-of-pocket drug copays using available state funding. Under this phase, patients pay their copays at the point of sale and are reimbursed upon submitting records of the purchase. Patients are reimbursed with state HIV/AIDS funds because HRSA guidelines prohibit federal Ryan White grant dollars and AIDS Drug Assistance Program 340B drug rebate dollars to be used to reimburse clients directly. In the second phase, DHS will implement an administrative solution to ensure clients do not have any out-of-pocket drug copay at the point of sale, allowing seamless access to prescription drugs. In the second phase, the AIDS Drug Assistance Program and 340B drug rebates will pay for those costs as it will not require direct reimbursement to clients. Development of the phase two solution is currently underway.

## Proposal:

This proposal modifies spending in an existing program under Minn. Stat. § 256.9365, to purchase health insurance for low-income Minnesotans living with HIV or AIDS by: 1) aligning statutory eligibility requirements with federal standards and current practice; 2) addressing gaps in coverage for the purchase of health insurance and prescription drugs; and 3) meeting compliance with federal requirements for full coverage of prescription co-pays. This proposal is effective July 1, 2019.

This proposal aligns with federal guidance by clarifying that persons eligible for the Minnesota's HIV/AIDS program are not subject to the cost-sharing requirements under Minn. Stat. § 256B.0631, subdivision 2.

Currently, the state insurance appropriation, which is about $1.1 million per year, is used for the purchase of health insurance premiums. Staff, payment for services, and all other program costs are covered by the Ryan White Part B grant and through the AIDS Drug Assistance Program 340B drug rebate funds. All dollars spent at the state level are for direct client benefit and access.

This proposal will reallocate some of the state appropriation to pay for co-pays for those individuals whose co-pays are not currently being paid. This will not result in additional costs for the general fund, as more spending will be shifted and occur in the federal Ryan White and the rebate program.

## Equity and Inclusion:

In Minnesota, of people living with HIV or AIDS, 55% are men who identify as same gender loving, 53% are people of color, 37% are African American or African born, and 33% are over the age of 55. Any changes to expand access to the insurance premium assistance or drug cost-sharing will have significant impact on people of color, LGBTQIA, and aging populations.

## IT Related Proposals:

It is estimated that there will be no system costs. However, any costs that might be identified would be funded through the federal AIDS Drug Assistance Program 340B drug rebate funds.

## Results:

This proposal will:

- Increase the number of people living with HIV in Minnesota eligible for the Ryan White Part B and AIDS Drug Assistance Program who are insured. As of September 2018, 22% were uninsured.
- Increase the number of people living with HIV in Minnesota retained in care and virally suppressed.

## Statutory Change(s):

Amend Minnesota Statute § 256.9365.

# Department of Human Services

## FY 2020-21 Biennial Budget Change Item

**Change Item Title: Semi-Independent Living Services Grant Program Funding Restructuring**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends reducing the Semi-Independent Living Services (SILS) state grant program contribution required of Minnesota counties and tribes from 30 percent to 15 percent. This proposal is budget neutral and does not have a fiscal impact on the state's general fund.

### Rationale/Background:

The SILS state grant program supports adults with developmental disabilities in the community by funding training and assistance in managing money, preparing meals, shopping, hygiene, and other activities. The SILS program provides less intensive and less expensive community living supports than those offered through the Developmental Disabilities (DD) waiver to people who do not meet the eligibility requirements for waiver services. Minnesota counties and tribes administer the SILS program.

SILS currently requires a 30 percent contribution of local funds by the lead agency (county or tribe) that authorizes these services. DHS has learned that lead agencies do not always have funds for the 30 percent match. Without a 30 percent local funding match, lead agencies cannot access the state funding to administer the SILS program. As a result, people who may otherwise receive SILS may not receive the minimal supports to help them retain housing and employment.

### Proposal:

This proposal seeks to incentivize use of the SILS state grant program, which supports adults with developmental disabilities in ways that enable them to achieve personally-desired outcomes and lead self-directed lives. The SILS program provides minimal supports that allow people to live independently.

This proposal will increase equitable statewide access to SILS by reducing the amount of local funds counties and tribes must contribute, from 30 percent to 15 percent. Within current funding, the state's share of program funding would increase from 70 percent to 85 percent.

The SILS grant is an existing program, and this proposal does not change current program policies. The current base general fund appropriation for the SILS program is about $8.3 million a year.

As seen in the table below, over $2 million of the fiscal year 2017 SILS program allocation was unspent, due to underutilization. This proposal is budget neutral as the increased State share of funding, from 70 percent to 85 percent, will draw from the available unused state allocation funds.

| Year | SILS State Funds Used | SILS Local Contribution | Unspent SILS State Allocation |
|---|---|---|---|
| FY 2017 | $5,946,367 | $2,547,077 | $2,381,995 |

## Equity and Inclusion:

The SILS state grant program supports adults with developmental disabilities by funding training and assistance services that support community living. The 30 percent lead agency contribution currently required under SILS creates geographic service access inequities. This contribution is paid using local funds and, depending on other local budget pressures, a lead agency may not have funds for the SILS program. As a result, residents of some lead agencies may access SILS services while others may not.

## IT Related Proposals:

There are no system costs associated with this proposal.

## Results:

The performance measures for the SILS grant program are:

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Results | Unspent SILS State Allocation | N/A | $2,381,995 | FY2017 |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 0 | 0 | 0 | 0 | 0 | 0 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

This proposal will require changes to Minn. Stat. §252.275

**Change Item Title: Community First Services and Supports Eligibility for Pregnant Women**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends authority to use state-only funding to provide Community First Services and Supports (CFSS) for a small category of people who are eligible under Minnesota Statute §256B.055, subd. 6. This authority ensures that all those eligible for PCA now, will also be eligible for CFSS when implemented. It also allows for CFSS to be implemented without building an interface between MMIS, METS and MAXIS, shortening the implementation timeline. This proposal does not have a fiscal impact.

### Rationale/Background:

CFSS is designed to offer participants more choice, control, and flexibility with their services and supports needed to live in the community. Similar to Personal Care Assistance (PCA) services, CFSS offers assistance with activities of daily living (ADLs), instrumental activities of daily living (IADLs), health-related tasks, and back-up systems to assure continuity of services and supports based on assessed functional needs for people who require support to live in the community. Unlike Personal Care Assistance (PCA) services, CFSS offers permissible services and supports associated with a participant's assessed need or goal. When implemented, CFSS will replace the PCA program and the Consumer Support Grant.

Originally CFSS was designed to include three federal authorities, ensuring that all people currently eligible for PCA would remain eligible for CFSS: (1) a state plan amendment under § 1915(k) of the Social Security Act; (2) A state plan amendment under § 1915(i) of the SSA; and (3) a demonstration project waiver under § 1115 of the SSA. Expanded financial eligiblity criteria, under the Affordable Care Act, resulted in the majority of eligible recipients falling into two of the original authorities: 1915(k) and 1915(i). A small eligibility category of pregnant women with incomes between 150% and 278% FPG would be eligible, only under the 1115 authority.

### Proposal:

This proposal seeks authority to use state-only funds to ensure CFSS eligibility for pregnant women who: (1) do not have an institutional level-of-care and (2) meet all statutory CFSS eligibility requirements. This proposal also reduces the time required to implement CFSS by pursuing an option that eliminates the need for a federal waiver.

While the Department needs legislative authority to use state-only funds to pay for services for this population, the number of people impacted is projected to be so small that any additional cost would be negligible. Recent research from 2016 and 2017 found approximately three people that might have been impacted by this proposal. Given the small number of people potentially impacted, this proposal will not have a measureable impact on the Medical Assistance forecast.

**Equity and Inclusion:**
The PCA program is one of the most diverse long-term service and support programs in Minnesota and is growing more diverse each year. In January 2017, 61% of people receiving PCA services were people of color or Native American. Approximately 33% of people receiving PCA services were non-Hispanic white, compared to an estimated 80% of Minnesotans statewide. The transition from PCA to CFSS will occur for these groups generally, but the changes in this proposal will not affect these communities any differently from other groups receiving PCA.

**Results:**
DHS will monitor the implementation of this proposal as we transition from PCA to CFSS.

**Statutory Changes**
Amend 256B.85, Subd. 3.

**Change Item Title: Updating Indian Health Services Provider Payments**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 9 | 2 | 2 | 2 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 9 | 2 | 2 | 2 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends modifying the payment formula for Indian Health Centers serving people who are enrolled in both Medical Assistance and Medicare to be consistent with how other similar providers are reimbursed.

### Rationale/Background:

For people dually eligible for Medicare Part B and Medical Assistance, Medicare is the primary payer for most health care services outside of long term care. State Medicaid programs provide varying levels of support for Medicare premiums and cost sharing. For services provided to dually eligible individuals in Minnesota, Medicare pays 80 percent of the Medicare allowed amount and Medical Assistance pays the remaining 20 percent on what are commonly referred to as “crossover claims.”

In 2011, the legislature modified the treatment of Medicare Part B claims for dually eligible individuals by limiting the total payment to the Medical Assistance rate. On average Medical Assistance rates for most services are lower than amounts paid by Medicare, and the new limit reduced the amount Medical Assistance paid for cost sharing on crossover claims. In 2015, the legislature exempted federally qualified health centers and rural health centers from this limit, restoring Medical Assistance payment of the full Medicare cost sharing amount. Indian Health Service (IHS) providers have a similar payment methodology to federally qualified health centers and rural health centers and had been expected to be included in the exemption. However, due to a drafting error, the language did not include IHS providers.

### Proposal:

The proposal would make a change to the Medical Assistance statute to add Indian Health Centers to a payment limit exemption for cost sharing on Medicare part B cross over claims. This would align the treatment of IHS providers with how similar claims are treated for Federally Qualified Health Centers and Rural Health Centers. This proposal corrects the error and adds IHS providers to the exemption as was originally intended. This will allow all three similarly situated provider types to be treated consistently.

All Medical Assistance covered services provided by an IHS are 100 percent federally funded. As such, restoring payment of the full Medicare cost sharing amount for services to duals has no impact on the state funding for Medical Assistance. Removing the limit on crossover payments to IHS providers will require minor change to DHS claims payment systems. The cost of the necessary systems changes is reflected in this estimate.

## Equity and Inclusion:

This proposal corrects an unintended disparity in how Indian Health Centers are reimbursed compared with other similar providers.

## IT Related Proposals:

This proposal will require a minor change to MMIS.

## Results:

This proposal will result in Indian Health Centers receiving reimbursement in a manner that is equitable with other similar providers.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 9 | 2 | 11 | 2 | 2 | 4 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 9 | 2 | 11 | 2 | 2 | 4 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Systems (MMIS @ 29%) | 9 | 2 | 11 | 2 | 2 | 4 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

256B.0625

**Change Item Title: Improving Medical Assistance Benefit Recovery**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (19) | 16 | 13 | (108) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (19) | 16 | 13 | (108) |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends improving the state's ability to ensure that Medical Assistance serves as the payer of last resort through implementation of an electronic case management system and improved data sharing between the Department of Human Services (DHS) and the Department of Public Safety (DPS).

### Rationale/Background:

Under federal law, Medical Assistance serves as the payer of last resort. This means that other insurers or programs must pay their share of costs before a Medical Assistance payment is made. This is known as "third party liability" or TPL. Federal law requires states to take steps to ensure that medical providers bill third parties first before requesting payment from Medical Assistance. If a state has paid claims and later discovers the existence of a liable third party, the state must attempt to recover the money from the liable third party. When a recovery is made, the federal and county shares are reimbursed and the remainder is returned to the state general fund.

Minnesota currently recovers or cost-avoids over $900 million annually through TPL related activities but there are opportunities to expand this work and generate additional savings for the state budget. DHS currently manages over 10,000 cases related to this work. There is currently no electronic management system in place to track, maintain and monitor cases, and the majority of Minnesota's TPL activities involves paper and/or manual processes. This limits the effectiveness and efficiency of this work. Sophisticated web-based case management systems are available that track and house all TPL activities and are being put in place by other states. Implementation of an electronic case management system will make the work more efficient and increase recoveries.

Another opportunity for improving the state's TPL activities relates to situations in which a Medical Assistance enrollee is involved in a motor vehicle accident and there is an insurance settlement to cover their related health care costs. DHS currently identifies these cases primarily through required legal notification once an attorney has been retained by the injured party or through Medical Assistance payment data. These processes can take months after the initial date of injury and medical treatment, and by then the medical payment may have been exhausted by other sources. Additionally, providers have a year to bill Medical Assistance from the date of service. This time lag may mean that settlement discussions are occurring before DHS is aware of the injury. Obtaining this information more quickly increases the opportunity for the state to join in legal settlements before they are final. Improving the timeliness of motor vehicle accident information will result in some additional revenue to the state.

Data sharing is useful for identifying potential new recovery cases proactively and efficiently when there is an accident. Federal Medicaid regulations require an exchange of data for the purpose of determining the legal liability of third parties for health care costs, particularly from State Motor Vehicle Accident Report files.[i] State law (Minnesota Statute 256.015, subdivision 7) authorizes DPS to share motor vehicle accident data with DHS for the purposes of complying with federal Medicaid rules regarding third party liability, but this law does not explicitly authorize DPS to share Social Security data with DHS. In 2009, DPS began sharing motor vehicle accident data for this purpose, but the data shared included a large volume of duplicate names and birth dates. Accurate data matches are not possible without a unique personal identifier.

Permitting DHS access to personal identifiers within motor vehicle accident data would accelerate tort recoveries and allow DHS to participate in more settlements. The data received would come from Accident Reports and driver's license records, which house the Social Security numbers. DPS has confirmed that there would be no information provided through the MNLARS system and no DHS data would be matched with that system.

## Proposal:

This proposal provides funding for DHS to purchase and implement an electronic case management system for the state's TPL activities in order to improve the efficiency and effectiveness of this work. DHS will solicit estimates with vendors through state contracting processes to modify and develop code to implement the case management system. This proposal assumes the state will implement the first phase of the electronic system by January 1, 2021.

The first phase would address global case management needs for tort, estate recovery, and cost effective health insurance activities. This systems improvement project is eligible for enhanced federal funding, and the tracking reflects the anticipated state share for the vendor contract. The second phase would update functionality to include case management of the cost-effective health insurance program and additional case management functionality for estate recovery, both of which are completed by counties, that is giving counties the ability to work in this system. The third phase would add the capacity to process third party insurance electronically.

Implementation of a case management system for these recovery efforts will make this work more efficient and should ensure increased recoveries and more effective oversight of DHS staff and the work of partners. The overall cost of the case management system for development and implementation is estimated at $2.1 million for the first phase, and $1.5 million for each of the second and third phases. We assume a 90% federal match so the costs reflected in the proposal are state share only.

This proposal will also allow DPS to exchange motor vehicle accident data that include the last four-digits of an individual's Social Security number with DHS through an existing secure web portal on a biweekly basis. DHS will match the data against Medical Assistance enrollee eligibility data. Once the match is complete, DHS will destroy the data received from DPS. Permitting DHS access to personal identifiers within motor vehicle accident data will accelerate tort recoveries and allow DHS to participate in more settlements.

DHS assumes that the accelerated collections will result in an increase in FY2020 collections for no fault insurance recoveries from motor vehicle accidents equal to 25 percent of the FY2017 total and an ongoing increase of 15 percent of the FY2017 amount resulting from additional accident data. Additional accelerated collections are assumed for medical claims in tort cases in FY2020 collections equal to five percent of the FY2017 total and an ongoing increase of 2.5 percent beginning in FY2021.

## Equity and Inclusion:

This proposal seeks to improve the state's ability to ensure that Medical Assistance is the payer of last resort. The proposal does not impact an enrollee's ability to access services.

## IT Related Proposals:

This proposal does not require any changes to DHS IT systems, but may require some configuration and integration with the new TED case management system. DPS has previously provided DHS with a file containing motor vehicle accident information. This proposal will allow for the exchange of a personal identifier within the motor vehicle data which can be added to the existing DPS file.

## Results:

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | MA Recoveries | | | |
| Quantity | MA Recoveries from Motor Vehicle Accident Settlements | | | |

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (19) | 16 | (3) | 13 | (108) | (95) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | (19) | 16 | (3) | 13 | (108) | (95) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | REV2 | MA Recoveries | (229) | (134) | (363) | (137) | (137) | (274) |
| GF | 11 | HCA Admin (Contract) | 210 | 150 | 360 | 150 | 29 | 179 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

256B.015

[i] 42 CFR 433.138(d)(4)(ii).

**Change Item Title: Clarify and Strengthen Provider Screening and Enrollment**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 143 | 147 | 151 | 155 |
| Revenues | (143) | (147) | (151) | (155) |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

The Governor recommends strengthening and clarifying provider enrollment, reenrollment, revalidation, and background studies requirements for Medical Assistance providers to support implementation of federal provider screening requirements, to improve the ability to identify and address potential waste and to improve the efficiency of the screening and enrollment process.

## Rationale/Background:

DHS has authority to impose sanctions, payment withholds, suspensions or terminations when a provider is non-compliant with specific requirements. However, it's unclear if this ability applies to issues that arise during enrollment or reenrollment. This limits the Department's ability to take action.

*Strengthen PCA Provider Requirements and Revalidation Processes*

Personal Care Assistance (PCA) agencies are required to have bonds and insurances as a condition of participation in the PCA program. This includes a surety bond that ensures a benefit to the State of Minnesota if the provider fails to comply with program rules. However, not all providers maintain bonds and insurances on a continued basis.

In addition, DHS must currently perform a review of PCA agencies once every year, known as the "annual review", and must complete a full revalidation for providers at least once every five years. The annual review provision requires PCA agencies to respond to annual review requests within 30 days. Agencies that fail to respond in that time period are subject to suspension or termination of enrollment. Experience shows that few agencies are able to respond within 30 days and suspension or terminations result in interruptions to service authorizations, which creates conflict for recipients. Further, annual review is no longer necessary because the provider screening requirements of the Affordable Care Act (ACA) require more stringent screening processes.

*Electronic Communication of Screening and Enrollment Actions*

Currently, DHS is required to provide notice via certified mail for provider screening and enrollment actions. Communicating the same information both electronically and by mail is a duplicative and inefficient process that does not serve DHS or the provider and often leads to confusion.

*Background Studies*

Historically, it was very easy for "high risk" providers to submit paperwork, become enrolled, and start billing without having any employed qualified staff, or the capacity to operate a legitimate business. However, under updated federal provider screening regulations, states are required to conduct fingerprint-based criminal history record checks through the FBI on owners and managerial officials of providers that have been categorized, either

by federal Centers for Medicare and Medicaid Services (CMS) or by a state, as "high risk" for fraud, waste or abuse.

High risk providers with owners and managerial officials who have been convicted of a crime related to their involvement in Medicare, Medicaid, or CHIP within the previous 10 years are ineligible to enroll as a provider in Medicaid. While authority already exists in federal regulation to conduct the fingerprint-based criminal background checks through the FBI, state law has not been updated. Additionally, the "fitness criteria" – or what defines a crime related to involvement in federal health care programs –are not adequately defined in federal regulation.

## Proposal:

This proposal makes the following updates and clarifications to provider enrollment, reenrollment, revalidation, and background studies requirements:

*Strengthen Enforcement of Federal Law*

Federal law requires DHS to screen all Medical Assistance providers during initial enrollment, reenrollments, as well as during revalidation. This proposal would clarify the activities performed during the screening of providers and standardize the timelines for providers to comply as well as the frequency of ongoing screenings. These changes are technical updates to support implementation of the federal screening requirements and to provide clarity to providers and a more consistent experience across service lines.

DHS currently has the authority to impose payment withholds, fines, suspensions, or terminations when a provider is non-compliant with specific requirements of being an enrolled provider. However, Minnesota law is unclear if this ability applies to issues that arise during enrollment or reenrollment. This limits DHS' ability to take action. This proposal adds clear legislative authority for the Provider Enrollment area to collect or stop the payment of Medicaid funds when a provider is found to have been non-compliant with enrolment, reenrollment or revalidation requirements. This change will allow DHS to take action when issues are first identified during the enrollment process.

*Strengthen PCA Provider Requirements and Revalidation Processes*

This proposal requires PCA agencies to maintain bonds and insurances for each practice location and adds clear statutory authority to deny payments during times of non-compliance or to suspend and terminate providers who display patterns of noncompliance with the bond and insurance requirements. These changes are intended to give DHS clearer authority to both stop a provider's ability to receive payment when a bond and insurance has lapsed, to recapture money paid during times required bonds and insurances were or are not in force, as well as terminate enrollment for habitual offenders.

This proposal also updates the PCA review and revalidation process to require revalidation every three years and eliminates the annual review process. This proposal will also require PCA provider agencies to submit a written record of grievances and resolution of the grievances that the personal care assistance provider agency has received to DHS upon request. Grievances are currently part of the annual review process and this would allow DHS to continue to review grievances more frequently, as issues arise, without waiting for the next revalidation. It will also allow for more frequent in-depth reviews of provider agencies. This will increase work in DHS' provider enrollment area. DHS currently collects a fee in the amount of $569 per provider for enrollment and reenrollment or revalidation from certain provider types. The amount is set by CMS, and deposits are dedicated to DHS to pay for screening and enrollment activities.

*Electronic Communication of Screening and Enrollment Actions*

This proposal clarifies that DHS has the authority to electronically communicate actions related to screening and enrollment, as is current practice, and would eliminate the requirement to also send notice by mail, unless a provider does not have a MN-ITS account. MN-ITS is the electronic communications system DHS uses to communicate with providers.

*Background Studies*
This proposal clarifies that background checks will be conducted under the provisions in Minnesota law under Chapter 245C and provides the authority for DHS to submit fingerprints to the FBI for the national record check. This proposal will result in additional background studies which, because they include an FBI check, will include offenses in other states. Including a national record check through the FBI in the background study will provide the state a more complete criminal history on providers seeking to enroll as a provider in Minnesota Health Care Programs which have been designated as a high-risk to commit fraud, waste and abuse.

Ultimately this proposal will limit the risk of harm to which Minnesotans participating in DHS program services are exposed by ensuring providers with disqualifying criminal histories are not able to enroll a providers. The expanded background checks prevent these fraudulent providers from even starting operations or billing DHS. Additionally, this proposal brings Minnesota into compliance with Federal Regulation under Title 42, Part 455, Subpart E, Section 455.434.

This proposal also clarifies the fitness criteria by leveraging the NetStudy 2.0 process. It uses the disqualification criteria in Chapter 245C as the fitness criteria for enrollment as a provider in Minnesota Health Care Programs.

## Equity and Inclusion:
Providers impacted by this proposal represent a broad and diverse group who serve a broad and diverse group of vulnerable citizens. The increased screening of these providers will help to assure more thorough vetting of high-risk providers who are ultimately approved to provide services to some of Minnesota's most vulnerable citizens.

## IT Related Proposals:
The provider enrollment aspects of this proposal have no impact on DHS IT systems. The background studies portion of this proposal requires updates to the DHS background study system.

## Results:
These changes are intended to result in increased program integrity, allow the department to establish a baseline measurement for compliance over time, implement additional process improvements upon identifying trends and areas of potential fraud waste and abuse, utilize current infrastructure already in place and streamline processes already known and used by the provider population. The increased screening of high-risk providers will assure more thorough vetting of those who are providing services to some of Minnesota's most vulnerable citizens.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| SRF | EXP | Provider screening and enrollment | 143 | 147 | 290 | 151 | 155 | 306 |
| SRF | REV | Enrollment and Revalidation Fee | (143) | (147) | (290) | (151) | (155) | (306) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):
256B.04; 256.0659; 256B.0949; and 245C

# Department of Human Services

## FY 2020-21 Biennial Budget Change Item

**Change Item Title: Aligning Application Assistance Payments**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends aligning incentive payments to organizations that help people enroll in health care coverage so that payments are consistent regardless of the type of health care coverage the person is eligible for.

### Rationale/Background:

Currently, entities providing application assistance receive an incentive payment when they successfully enroll an individual in Medical Assistance, MinnesotaCare, or a Qualified Health Plans (QHP). Under current state law, organizations receive a $25 payment for people who successfully enroll in Medical Assistance and $70 for people who successfully enroll people in MinnesotaCare or a QHP.

In FY 2018, approximately 600 navigators across the state of Minnesota provided application and renewal assistance to about 61,137 Medical Assistance and MinnesotaCare enrollees. The disparities between these two incentive payments unfairly impact organizations assisting people to enroll in Medical Assistnace.

### Proposal:

This proposal reallocates existing DHS administrative funds, from a Special Revenue Fund with a balance of $2.3 million, to increase the incentive payments from $25 to $70 per application for organizations providing application assistance for Medical Assistance. This would align the payment structure to provide consistent incentive payments for successful enrollment in Medical Assistance and MinnesotaCare. This proposal reallocates existing funds within the DHS administrative budget.

### Equity and Inclusion:

Equalizing this payment amount will fairly pay organizations to reach out to and assist all populations of uninsured people in Minnesota, and is intended to improve access to affordable care and reduce the percentage of Minnesotans lacking health insurance.

### IT Related Proposals:

This proposal does not impact DHS IT systems.

**Results:**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Number of MA enrolles receiving application assistance from a navigator | 52,509 | N/A | FY2017 |

**Statutory Change(s):**

Rider

**Change Item Title: Rebasing Inpatient Hospital Payment Rates**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 22 | 4 | 4 | 4 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 22 | 4 | 4 | 4 |
| **FTEs** | **0** | **0** | **0** | **0** |

## Recommendation:

The Governor recommends several updates to the process of rebasing of inpatient hospital payment rates under Medical Assistance, which is required every two years. This proposal helps to better align inpatient hospital payments, streamline the payment, simplify the system and rates for hospitals, and extend the commissioner's authority to use policy adjusters when developing inpatient hospital rates. It also allows Hennepin County Medical Center (HCMC) to maintain its level of payments associated with disproportionate share hospital (DSH), preventing an unintended loss of about $5 million or 40 percent of their current DSH payments.

This proposal is effective for hospital discharges that are on or after July 1, 2019.

## Rationale/Background:

Section 256.969 Minnesota Statutes requires DHS to rebase inpatient hospital rates every two years. Rebasing is the process used to recalculate payment rates using more current cost data. The next rebasing is due to be implemented July 1, 2019 for Prospective Payment System (PPS), Critical Access (CAH) and Long Term Acute Care (LTAC) hospitals. This will be the third rebasing of the rates since the new methodology was first implemented in November 2014.

## Proposal:

This proposal addresses an unintended consequence of current law that would reduce payments to Hennepin County Medical Center (HCMC) by about $5 million. HCMC currently qualifies for the disproportionate share hospital (DSH) factor applied to hospitals that have a very high Medicaid Inpatient Utilization Rate for rebasing. The qualifying threshold of three standard deviations above the statewide mean is specified in statute. Based on utilization data, HCMC will not meet the three standard deviation threshold in this rebasing. This would cause a significant reduction to payments made to a safety net hospital that serves a considerably higher proportion of Medicaid patients than any other hospital in the state. However, if the threshold were lowered to 2.5 standard deviations, HCMC would qualify and would still be the only hospital that would qualify. This allows HCMC to maintain its level of payments associated with DSH.

This proposal extends the commissioner's authority to use policy adjusters when developing inpatient hospital rates. DHS' authority to use policy adjusters expires after this rebasing. The authority was included in the establishing legislation with a sunset date because hospitals were unsure how DHS would use the policy adjusters. We have now been through two rebasings and are in the midst of the third and we have had no complaints about our use of the policy adjusters from advocates or hospitals. Moreover, policy adjusters are essential to setting

accurate payment rates, particularly to ensure that mental health, births, and other services important to the Medicaid population are supported and accessible throughout the state.

This proposal includes a per claim charge limit on inpatient payments so that DHS would not pay more than a hospital bills for that claim. The statute currently imposes a payment limit of aggregate charges, however, limiting a claim payment to 100 percent of billed charges is a standard payer rule and applies to most other provider types. This will align inpatient hospital payments to the same standard applied to other services and a general best practice which is to pay either the payment rate as established under the inpatient payment methodology or the providers total billed charges, whichever is lower.

This proposal incorporates the current $20 add-on for a screening into the base payment rates for birth stays rather than paid as a separate add-on. This will streamline the payment methodology, as well as simplify the system and reconciliation of claims payment for hospitals.

## IT Related Proposals:

This proposal requires systems changes.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 22 | 4 | 26 | 4 | 4 | 8 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | 22 | 4 | 26 | 4 | 4 | 8 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Systems state share (MMIS @ 29%) | 22 | 4 | 26 | 4 | 4 | 8 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

This proposal will require changes to 256.969 (multiple subdivisions)

**Change Item Title: Investing in and Modernizing Payments for Safety Net (FQHC) Providers**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Health Care Access Fund | | | | |
| Expenditures | 0 | 1,363 | 748 | 1,080 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 1,363 | 748 | 1,080 |
| **FTEs** | **0** | **1** | **1** | **1** |

**Recommendation:**

Effective January 1, 2021, the Governor recommends modernizing the payment methodology for Federally Qualified Health Centers (FQHC) and Rural Health Clinics (RHC) in order to accurately account for and cover the cost of all Medical Assistance (MA) services and reduce administrative burden for both providers and payers.

This proposed change has a health care acces fund cost of $1,363,000 in the 2020-21 biennium and $1,828 million in the 2021-2022 biennium.

**Rationale/Background:**

FQHCs and RHCs are nonprofit community health care providers. They are located in communities identified as having elevated poverty, higher than average infant mortality, and access to fewer practicing physicians. These centers are open to all residents regardless of insurance status or ability to pay and play a critical role as part of the safety net provider community that primarily serve enrollees on state Medicaid programs. FQHCs and RHCs tailor services to fit the special needs and priorities of their communities and provide services in a linguistically and culturally appropriate manner. There are currently 76 FQHC and 110 RHC delivery sites in Minnesota. FQHCs and RHCs served 175,000 recipients in 2014. This proposal also aligns payment rate methods under the state's basic health program (BHP),MinnesotaCare, simplifying rate development and establishing uniform payment structure and administration within that program. Making these adjustments helps to keep cost sharing down for MinnesotaCare enrollees.

Federal law requires state Medicaid programs to pay FQHC and RHC providers using a prospective payment system (PPS) cost-based rate methodology, which is based on 1999 and 2000 costs/visits and then adjusted for inflation. The basis of a prospective payment is to make a single payment per day to a clinic on any day where there is a face to face encounter involving services. A prospective payment in effect divides the allowable costs of a clinic by the expected number of qualifying encounters to establish the encounter rate. This prospective encounter rate structure provides clinics with a level of stability and predictability with respect to their payments. The prospective encounter rate payment applies to services delivered to MA enrollees in both fee-for-service and managed care delivery systems.

States also have the option to offer alternative payment methodologies (APMs) in place of PPS as long as they pay at least what the center or clinic would receive under PPS. Under current law, Minnesota has three different APMs. DHS is required each year to ensure the APM payments to each provider are equal to or greater than the payments the provider would have received under the PPS methodology. The current APMs, because they generally build off of the original PPS rate, are based on very old costs and apply historical restrictions established

by Medicare that can reduce the per encounter payment rate. The historical costs and calculated rates are trended forward annually for inflation. However, costs within FQHCs and RHCs have changed dramatically since the PPS was originally established.

DHS and FQHC and RHC providers agree the current methodologies do not adequately reflect current health care cost trends and results in payment rates that may not accurately reflect a clinic's costs. This causes financial hardship to these provider groups. The current payment system also presents significant operational challenges for providers and DHS. The encounter payments, particularly those for services delivered to managed care enrollees, have been administratively challenging for both DHS and the clinics.

The 2015 Legislature requested recommendations for a new APM for FQHCs and RHCs that cover the cost of all MA services. DHS, in collaboration with FQHC and RHC providers, developed a report which details the recommendations for a new APM rate structure which could be adopted upon enabling legislation.

## Proposal:

This proposal replaces the three existing APM options with a single new APM designed to cover the cost of all MA encounter generating services. This new payment methodology will bring greater transparency to the actual costs of and payments made for services provided by FQHC and RHC clinics, modernize and clarify the processes for establishing and updating rates, and promote greater efficiency and accountability for both DHS and providers.

The new rate methodology established by this proposal reflects current health care costs and trends and accounts for increases in the average length of a visit due to more complex care management models. It will allow providers to more easily calculate potential rate changes that result from changes in service and will encourage providers to expand services. In addition, a workgroup will be formed to discuss future performance measurements and reasonable cost containment measures.

The proposal also ends the payment of cost based rates to FQHC, RHC, and Indian Health Service (IHS) providers for MinnesotaCare starting in 2021. The federal requirement to pay cost based rates applies to Medicaid programs and does not apply to MinnesotaCare since its transition from a Medicaid waiver program to a federal BHP in 2015. Under the federal funding mechanism of the BHP the state receives a fixed payment amount per person instead of a federal Medicaid match. This transition aligns the payment method with the federal funding mechanism of the BHP, aligns payment rates across all populations in MinnesotaCare, and prevents the implementation of the new APM (and other cost based rates) from increasing cost sharing for MinnesotaCare enrollees. The MinnesotaCare program's 94% actuarial value requires enrollees to pay 6 percent of costs of services under the program. Cost sharing for MinnesotaCare is reviewed and adjusted annually.

The new FQHC/RHC rate methodology for Medical Assistance will be effective for services provided on and after January 1, 2021 and will be rebased every two years beginning in January 2022.

## Equity and Inclusion:

Minnesota is among the healthiest states in the nation and enjoys relatively high rates of health insurance coverage. However, when compared with white people in Minnesota, people of color and American Indians residing in the state experience significant disparities in health status and in rates of health insurance coverage. While the majority recipients enrolled in Medical Assistance are white, people of color, especially African Americans and American Indians make up a disproportionate share of total program enrollment. Over 60 percent of African Americans and American Indians residing in the state were enrolled in public health care programs in July 2014. In 2015, Minnesota boasted the fifth lowest rate of un-insurance in the country at 4.3 percent. However, the rates of un-insurance for African Americans and American Indians residing in the state was roughly double the statewide average, and the rate for Hispanics was about three times the state average. Because Minnesota's health care programs play a significant role in providing health care coverage to racial and ethnic

minority populations in the state, DHS has the opportunity to play a larger role in reducing health disparities in the state.

On average, 62 percent of the people served by FQHCs and RHCs are from communities of color. They provide quality care, reduce disparities and improve patient outcomes. The Institute of Medicine and the Government Accountability Office have recognized health centers as models for screening, diagnosing, and managing chronic conditions such as diabetes, cardiovascular disease, asthma, depression, cancer and HIV. Their efforts have led to improved health outcomes and lowered the cost of treating patients with chronic illness. (http://nachc.org/wp-content/uploads/2016/03/MN16.pdf)

The proposed modernization and simplification of the payment rate methodology ensures these organizations are paid their costs for treating this diverse and often medically complex population while continuing to provide high quality, cost effective care and improving health outcomes.

### IT Related Proposals:

Recent legislative action permitting DHS to carve these provider payments out of managed care and back in to fee-for-service established much of the PPS logic in to the claims payment systems. With this work already completed, the new rate methodology detailed in this proposal will require only minor changes to DHS claims payment systems. The cost of making these changes is included in the fiscal detail section.

### Results:

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Results | Ratio of MA Payments to Costs | NA | NA | |

### Statutory Change(s):

256B.0625, subdivision 30, 256L.11, subdivision 2a

### Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | 1,363 | 1,363 | 748 | 1,080 | 1,828 |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | 1,363 | 1,363 | 748 | 1,080 | 1,828 |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| HCAF | 33 | MA Grants | | 1,285 | 1,285 | 5,395 | 6,017 | 11,412 |
| HCAF | 11 | Systems (MMIS @ 29%) | | 15 | 15 | 3 | 3 | 6 |
| HCAF | 13 | HCA Admin (FTE) | | 93 | 93 | 109 | 109 | 218 |
| HCAF | REV1 | Admin FFP @ 32% | | (30) | (30) | (35) | (35) | (70) |
| HCAF | 31 | MinnesotaCare Grants | | 0 | 0 | (4,724) | (5,014) | (9,738) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | 1 | | 1 | 1 | |

**Change Item Title: Child Care Federal Compliance and Fees for Certified License-Exempt Centers**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | (72) | (73) | (73) | (74) |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 84 | 75 | 75 | 76 |
| Revenues | (72) | (73) | (73) | (73) |
| Net Fiscal Impact = (Expenditures – Revenues) | (60) | (71) | (71) | (72) |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends implementing an administrative fee to support regulatory activities for certified license-exempt child care centers (certified centers). The certified centers would pay a $200 initial application fee and a $100 annual renewal fee. Revenues from the new fee would refinance the General Fund appropriation needed for this activity. The Governor also recommends several changes to the regulations affecting certified centers, some of which are required to achieve compliance the Federal Child Care and Development Block Grant Reauthorization Act of 2014.

### Rationale/Background:

Minnesota Statutes 245H.12 requires the Commissioner of Human Services to provide recommendations on administrative fees for Certified License-Exempt Child Care Centers (certified centers) to the legislative committees with jurisdiction over health and human services policy and finance by February 15, 2019. The statute requires the Commissioner to consult with stakeholders in the development of the administrative fee recommendation.

The proposed $200 initial application fee and $100 renewal fee are reasonable, especially when compared to the fees for licensed Child Care Centers which pay a $500 application fee and between $200 and $1,100 in renewal fees, based upon the center's capacity.

Certified centers are a new service class for the Department – one that has been added to comply with federal law. Many of these centers have operated for years without oversight from the Licensing Division, because they were legally exempt from licensure. Under federal law, these centers are required to have some oversight by the Department, and thus the certification was added to Minnesota law in 2017 and the Department began certifying centers in the fall of 2018.

The requirements to be a certified center are significantly less than the requirements to be a licensed child care center, resulting in shorter, simpler applications and inspections. As such, the Department has fewer staff dedicated to the regulation of certified centers, and these staff are in lower job classifications than the staff hired to regulate the licensed child care centers. The Department's certified center staff conduct initial and renewal application reviews, inspect the certified centers, and conduct investigations of possible certification requirement violations. Staff in the Department's Licensing Division Intake and Maltreatment Investigation section triage calls with complaints against certified centers and investigate any allegations of maltreatment.

As the Department has begun to certify centers, gaps in the statute have become evident. The Department lacks the authority to issue variances for background study disqualifications for certified center staff as it has for

licensed child care center staff. The current statute also fails to provide certified centers with any due process rights in the case that their application for certification is denied.

In addition, there are a few additional changes to statute needed to fully comply with the Federal Child Care and Development Block Grant Reauthorization Act of 2014 – for certified centers as well as for licensed family child care and licensed child care centers. These gaps have only become evident as the federal Office of Child Care has finalized its rules and begun reviewing states' statutes to ensure compliance.

In accordance with state statute, the Department consulted with stakeholders as it developed its fee proposal and it has been well received. The vast majority of staff from certified centers with whom we have spoken appreciate that the proposal recognizes the differences between certified centers and licensed centers and provides certified centers with lower fees and more flexibility in meeting requirements than typically provided to licensed child care centers. Nevertheless, a few of the smallest certified centers that have very few children who participate in CCAP raised concerns about being required to pay any fee, especially when combined with the cost of paying for background studies for any new staff they hire.

## Proposal:

This proposal recommends that certified centers pay a $200 initial application fee and a $100 annual renewal fee, which generates approximately $140,000 in State Government Special Revenue per biennium. This proposal would appropriate this SGSR revenue to the Department for this activity and reduce the General Fund appropriation for this activity by an equal amount.

In addition, the proposal brings certified centers into compliance with federal law by requiring all staff and unsupervised volunteers to have health and safety trainings, including pediatric First Aid and CPR, before having unsupervised direct contact with children. It establishes a process for centers newly applying for certification to obtain inspections by the Fire Marshal, using the same process and $50 fee in place for licensed child care centers. (As part of the transition to legally unlicensed centers becoming certified, the Department has covered the fees for fire inspections.)

Other provisions for certified centers are included to meet federal requirements: including prohibiting certain kinds of corporal punishment and ensuring that certified centers have analyzed the risks presented by known hazards.

The proposal allows the Department to grant variances to certified center staff for background study disqualifications that mirrors the Department's authority for child care center staff.

This proposal also establishes due process rights for certified centers in the instance that an applicant is denied certification or the center loses certification due to maltreatment. While a center can continue to operate without certification, the center cannot participate in Minnesota's Child Care Assistance Program and receive child care assistance payments.

The proposal includes two new health and safety requirements that the state should establish for certified centers: (1) that they supervise the children in their care and (2) that they use positive behavior guidance. Adding this language is not expected to be burdensome for providers, because allows for significant flexibility; adding the language will simply give the Department clear authority to hold providers accountable in cases that they fail to meet these minimum expectations.

In addition, the proposal includes changes to statute for license providers required for the State to fully comply with the Federal Child Care and Development Block Grant Reauthorization Act. Over the last year, the federal administration has clarified that many of the training requirements apply more broadly than the Department initially understood. As such, this proposal requires all staff, caregivers, substitutes, emergency substitutes, and unsupervised volunteers to take health and safety trainings, including pediatric CPR and First Aid, before having unsupervised contact with children and on an ongoing basis. It also requires all these individuals and helpers to

take courses in child development on a regular basis. The proposal also adds an item to the current requirements for a provider's emergency plan that has also been identified as needed to comply with federal law.

In addition to items required for federal compliance,

For Licensed Family Child Care Providers, this proposal:

- Eliminates confusion by aligning family child care standards with the current State Fire Code
- Provides more flexibility in use of substitutes, by measuring use in terms of hours instead of whole days, and allowing a variance in cases in which more time is needed
- Clarifies that cell phones can be used to meet the requirement to have a working telephone, as long as it remains charged, and override the requirement that emergency numbers have to be posted by the phone
- Reduces county liability to remove a barrier to counties providing variances to licensed family child care providers, as another step towards increasing consistency
- Reorganizes and consolidates training requirements to add clarity

For Licensed Child Care Centers, this proposal:

- Restructures training requirements for staff, conforming with federal law and bringing the number of hours more into alignment with other states
- Allows more flexibility in supervising school-age children,
- Allows the use of reusable water bottles and cups for water under certain conditions (instead of requiring the use of single-use cups)
- Allows more flexibility in who can transport children
- Clarifies the circumstances under which a cell phone can be used as the child care center's primary telephone and removes the requirement that emergency numbers be posted

In addition, this proposal includes a provision to expand access now:

- Allows for the expansion of Special Family Child Care already in statute, by clarifying standards for and broadening who is eligible to provide this type of licensed child care

This proposal would generate the following fee revenue:

| Fiscal Year | Initials | Revenue | Renewals | Revenue | Total |
|---|---|---|---|---|---|
| 2019 | 700 | $0 | 0 | $0 | $0 |
| 2020 | 10 | $2,000 | 695 | $69,500 | $71,500 |
| 2021 | 10 | $2,000 | 700 | $70,000 | $72,000 |
| 2022 | 10 | $2,000 | 705 | $70,500 | $72,500 |
| 2023 | 10 | $2,000 | 710 | $71,000 | $73,000 |
| 2024 | 10 | $2,000 | 715 | $71,500 | $73,500 |

This revenue would be appropriated to the Department for this activity, and the General Fund appropriation for this activity would be reduced by an equal amount, after accounting for a small modification to an IT system required to track this new fee.

### Equity and Inclusion:

The proposed fee is low enough so that it should not pose an undue financial burden for the vast majority of the certified child care centers. Several of the policy changes will further equity and inclusion, by providing the Department with the authority to grant variances for offenses that could be disqualifying and otherwise prevent staff from serving children, even when safeguards can be put in place to ensure that children are protected. In addition, the few ways in which the proposal increases health and safety standards will benefit children that attend certified, license-exempt child care centers.

The additional flexibility for Special Family Child Care is likely to provide additional options for licensed child care in communities of color and indigenous communities and therefore benefit these communities.

Aligning the standards for licensed family child care providers with the current Fire Code may help prospective family child care providers obtain licenses, because they will not be required to ensure that their homes are in compliance with a standard that is higher than otherwise required by the Fire Code.

### IT Related Proposals:

The Licensing Division uses the Electronic Licensing Management System (ELMS) database, a web-based licensing system, to manage the application, onboarding, licensure, and certification process for some of the service classes. The Department needs IT to increase ELMS database capability to process, manage and track license-exempt centers. Therefore, this request includes that the Department to be adequately funded for IT system costs in order to ensure license-exempt centers are able to access licensing web-based application system for certification. Additionally, the Licensing Division certification staff will be equipped to support, guide and manage license-exempt centers during the certification process.

The total estimated IT costs include initial system changes cost of $12,000 in FY 2020, and annual maintenance costs of $2,000 in subsequent fiscal years after system implementation phase is complete.

### Results:

This proposal will generate revenue to cover part, but not all, of the Department's administrative costs for the Certified Centers regulatory program. General Fund dollars will subsidize this activity, as is the case with the Department's other service classes.

### Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | (72) | (73) | (145) | (73) | (74) | (147) |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| SGSR | | | 12 | 2 | 14 | 2 | 2 | 4 |
| **Total All Funds** | | | (60) | (71) | (131) | (71) | (72) | (143) |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | Reduction of GF Appropriation for Licensing Division | (72) | (73) | (145) | (73) | (74) | (147) |
| SGSR | REV2 | Administrative Fees for Certified License-Exempt Centers | (72) | (73) | (145) | (73) | (74) | (147) |
| SGSR | 11 | Increase in SGSR Appropriation for Licensing Division | 72 | 73 | 145 | 73 | 74 | 147 |
| SSGR | 11 | ELMS IT System for Certified License-Exempt Centers | 12 | 2 | 14 | 2 | 2 | 4 |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

### Statutory Change(s):

245A.02, 245A.14, 245A.151, 245A.16, 245A.40, 245A.41, 245A.50, 245A.51, 245A.66, 245C.02, 245C.30, 245H.01, 245H.03, 245H.07, 245H.09, 245H.10, 245H.11, 245H.12, 245H.13, 245H.14, 245H.15, 466.03, and new sections 245A.52 and 245A.53

**Change Item Title: Prohibition on Imputation of Income to Incarcerated Child Support Payers**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 5 | 1 | 1 | 1 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 5 | 1 | 1 | 1 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends prohibiting the imputation of income to child support payers who are incarcerated due to nonpayment of child support in order to achieve federal compliance. Programming changes to the state's automated child support system (PRISM) are required to implement this change.

### Rationale/Background:

When calculating child support, the court may impute income to either or both parents. Imputed income is income that a parent does not actually receive, but that a court finds the parent could earn. To address whether it is appropriate to impute, a court must decide whether the parent is voluntarily unemployed or underemployed. Because incarceration is not voluntary, since 2007 Minnesota law has specified that an incarcerated person must not be considered voluntarily unemployed for purposes of determining child support. However, state law includes an exception to this prohibition for cases when a child support payer is incarcerated due to nonpayment of support.

Unlike Minnesota, other states have considered incarceration for any reason to be "voluntary" unemployment and have imputed income to incarcerated parents when setting child support orders. This often resulted in the accrual of high arrears balances during incarceration, and the inability of the parent to pay that balance upon reentry. To address this issue, the federal government released an update to federal rules in 2016 that barred this practice. Though Minnesota's law already substantially complies with this new rule, the federal Office of Child Support Enforcement has indicated that because of the statutory exception, the Minnesota State Plan will be considered non-compliant unless there is a statutory change. The deadline for Minnesota to comply was December 2019.

There are no data regarding the frequency and length of incarceration for nonpayment of child support in Minnesota. However, because of the resources involved and the harshness of the remedy, incarcerating payers through a contempt proceeding is a last resort, and child support workers report that incarceration for nonpayment is rare. Additionally, because the processes for setting or modifying child support take time, a payer would need to be incarcerated for a significant amount of time for this provision to be relevant. Accordingly, it is very unlikely that a child support order imputing income to the payer would be set during an incarceration for nonpayment.

### Proposal:

Effective upon enactment, this proposal would prohibit the imputation of income to child support payers who are incarcerated due to nonpayment of child support, bringing the state into full federal compliance on this issue. This

proposal will not change the amount of support owed by payers or collected for child support recipients or the state (for public assistance reimbursements) given the unlikelihood of a child support payer having income imputed while incarcerated for nonpayment of support.

The entire cost of this proposal is due to necessary programming changes to ensure relevant PRISM forms and pleadings generated for court proceedings to set and modify child support reflect the statutory change. While changes to PRISM will take time, implementation can occur upon enactment. The department will issue implementation guidance to our county partners and workers will need to manually alter pleadings and court forms to reflect the new law until PRISM changes have been completed. The department has consulted our county partners on this proposal and have not received any concerns.

### Equity and Inclusion:

This proposal is not intended to address equity and inclusion issues. It is unlikely this proposal will make a change to current practice, this proposal is unlikely to have any impact on equity and inclusion issues.

### IT Related Proposals:

This proposal requires MN.IT to change PRISM generated forms. The entire cost is $13,902, with a state share of $4,727, for these changes to be made to PRISM. A total of $2,782, with a state share of $946, is also needed for ongoing MN.IT administration costs to complete and maintain updates to PRISM forms that reference the exception.

### Results:

Because very few people are incarcerated for nonpayment of child support, and any potential incarceration would be briefer in time than it would take to obtain an order for support that imputes income, it is not anticipated to have a noticeable impact on caseload, performance measures or child support payers. Rather, it will bring Minnesota into federal compliance with the new rules.

### Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 5 | 1 | 6 | 1 | 1 | 2 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 11 | System (PRISM) State Share 34% | 5 | 1 | 6 | 1 | 1 | 2 |
| | | | | | | | | |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

### Statutory Change(s):

518A.42, subdivision 3.

**Change Item Title: Homelessness Management Information System Support**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 680 | 680 | 680 | 680 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 680 | 680 | 680 | 680 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends $680,000 annually to the Department of Human Services, in partnership with Minnesota Housing, to support the ongoing cost of the Homelessness Management Information System, a local information technology system that is required to receive state and federal homelessness resources.

### Rationale/Background:

HMIS is a local information technology system operated by the Department of Human Services and used to collect data, both at the client-level and community level. The HMIS collects information from all homeless service providers throughout the state, regarding more than 20,000 homeless beds across the state. These beds include emergency shelters, transitional housing programs, permanent supportive housing providers, homeless prevention programs, and other service providers in contact with people experiencing homelessness, such as outreach programs and drop-in centers.

Data reported within the HMIS includes individual client demographic (gender, age, ethnicity) and household information (housing status, services provided, income). Centralizing data in one place allows service providers, regional planning bodies and state agencies to look at both client outcomes at the program level and evaluate service-use patterns across the entire network of providers to ensure that all resources are being invested in the most efficient services and targeted to the most appropriate populations. It provides a clearer picture of people who experience homelessness, their needs, and how that population changes over time. HMIS allows programs to manage data in a secure and standardized environment that also offers an aggregate view of state-wide efforts to end homelessness.

The state is required to maintain the HMIS system to receive federal homelessness funding. The state receives more than $40 million per year in federal homelessness funds. Additionally, all service providers that receive state homelessness resources are required to use the system.

### Proposal:

The additional funding will pay for a portion of the costs of operating the state Homeless Management Information System (HMIS) by the Department of Human Services. It will support integration of data between HMIS and other key state data assets and enhance existing HMIS capacity to help providers target state and federal homelessness resources more strategically. Currently, HMIS is supported by local Continuum of Care organizations, federal grantees and service providers.

**Equity and Inclusion:**
Households of color and people with disabilities are disproportionately represented in the homeless population. Equity remains an area of focus for the HMIS Governing Board as HMIS is being used to support regional Equity and Inclusion projects such as Supporting Partnerships for Anti-Racist Communities (SPARC) which disaggregates data to focus on systemic racism in homelessness response systems.

**Results:**
We know from many examples across the country that when communities use their data well, they make the most progress to prevent and end homelessness. With this additional funding, Minnesota will be positioned to target resources to prevent and end homelessness even more effectively and efficiently.

Current measures include:

- Bed Coverage
- Data Quality, specifically universal data element completeness
- HUD performance measures:
    - Length of time homeless
    - Returns to homeless
    - Number of homeless persons
    - Job and income growth
    - First time homeless
    - Stabilizing people experiencing homelessness
    - Housing placement and retention

The above result and performance measurements reflect key data points that the state and federal government use as indictors of success when making funding decisions. The ability to enter, extract and analyze HMIS data, and use it as evidence to either continue making investments in effective programming or to shift resources to better target both populations and activities is vital. Underperformance in this area puts the federal funding (more than $40 million) at risk.

State staff, community partners and the HMIS system administrator have developed a governing infrastructure to ensure data is protected and all security measure meet and/or exceed requirements. This governing body and committee structure are also charged to ensure data quality and integrity, which is regularly reviewed and reported to the governing board.

Furthermore, philanthropic partners recently announced an investment in a data analyst position at Minnesota Housing and the Office to Prevent and End Homelessness to work with HMIS and other data systems to focus and drive statewide efforts to prevent and end homelessness.

**Statutory Change(s):**

NA

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | 680 | 680 | 1,360 | 680 | 680 | 1,360 |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | **680** | **680** | **1,360** | **680** | **680** | **1,360** |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| GF | 56 | HMIS PT Contract | 1,000 | 1,000 | 2,000 | 1,000 | 1,000 | 2,000 |
| GF | REV1 | Administrative FFP @ 32% | (320) | (320) | (640) | (320) | (320) | (640) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

**Change Item Title: Vulnerable Adult Protection—Current Operations Improvements**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| **Department of Health** | | | | |
| General Fund | | | | |
| Expenditures | 7,438 | 4,302 | 5,800 | 5,369 |
| Revenues | 0 | 0 | 0 | 0 |
| State Government Special Revenue | | | | |
| Expenditures | 1,103 | 1,103 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| **Department of Human Services** | | | | |
| General Fund | | | | |
| Expenditures | 1,093 | 0 | 218 | 218 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 9,634 | 5,405 | 6,018 | 5,587 |
| **FTEs** | **38** | **38** | **30** | **30** |

### Recommendation:

The Governor recommends appropriations from the general fund and state government special revenue fund for the Minnesota Department of Health and the Department of Human Services to continue necessary current operations improvements to the regulatory activities, systems, analysis, reporting and communications that contribute to the health, safety, care quality, and abuse prevention for vulnerable adults in Minnesota.

### Rationale/Background:

Two sets of recommendations were released in early 2018, one from the Office of the Legislative Auditor and one from Governor Dayton's Elder Abuse Prevention workgroup, on how specific programs within the Health Regulation Division (HRD) should implement new systems, staffing, processes and reporting practices that would contribute to the health, safety, and quality assurance of care at healthcare facilities for vulnerable adults.

The recommendations identified and addressed concerns over the rise in maltreatment allegations in Minnesota; the inability of certain programs at MDH to meet statutory requirements; outdated processes and IT systems; and inadequate staffing and funding to ensure timely notifications in addition to the analysis, reporting and communications activities that support stronger public transparency, accountability and engagement.

### Proposal:

This proposal takes a comprehensive, division-wide approach to vulnerable adult health, safety, care quality and abuse prevention and focuses on four components: regulatory capacity, case management, data analysis and reporting, and communications and engagement.

The request drives more efficient management of existing financial resources and increases the capacity of subject matter experts within MDH and partner agencies to implement needed changes. It identifies opportunities for cross-agency systems partnership and builds on existing IT systems and data reporting to inform enhancements. This proposal stabilizes necessary funding for program activities and IT systems that respond to stakeholder service expectations and regulatory requirements. It also creates a new business intelligence capacity that supports robust cross-agency data analysis, reporting, and stakeholder communications that vulnerable

adults and their families demand and the Office of Legislative Auditor recommended. Additional request details are described below:

1. **Regulatory capacity** – Funding increases and program improvements are needed to better meet state and federal statutory requirements. This component includes needed funding for licensing, certification, investigations and inspections.

    a. **State and federal regulatory work requirements**, including increased complaints activity. Federal cost participation in MDH regulatory work varies according to the type of work and the type of facility, and is based on standards and guidance set by the Centers for Medicare and Medicaid Services (CMS). CMS reimbursement requires a financial match from state funds to equitably share costs. This proposal will increase available general fund resources for the required state match for Health Care Facility Licensing and Certification work by $3 million each year, beginning in FY 2020. Of the $3 million annual request, $2.4 million per year is for state licensing activities, and $0.6 million per year is for the required state match for Medicaid-funded work.

    Current funding for the state share is inadequate to meet the demands of our regulatory work. The number of federal complaints, especially from nursing homes, has been increasing in recent years along with the increasing number of residents in such facilities. This growth has increased the workload and the need for state matching funds. Over the past year, revisions to current cost sharing agreements with CMS were made to correctly account for state work and state financial share requirements. As a result, both the proportion of state costs and the volume of work for the state have increased, but the allocations used to pay the state financial match have not kept pace. Without a corresponding increase in allocations, Minnesota will not be able to fully meet state and federal requirements for health care facility licensing and certification work; the allocation shortfall is a constraint to accomplishing the required workload.

    b. **Home Care and Assisted Living Program survey activities**. This proposal increases the SGSR appropriation by $1.1 million each year in the FY 2020-21 biennium for the Home Care and Assisted Living Program (HCALP) to add one additional survey team to improve the frequency of home care provider inspections. Current law requires that each provider be inspected once every three years. MDH is only able to meet this requirement with 30 percent of the providers. An additional survey team, along with Continuous Improvement efforts, will significantly improve our inspection rate. This funding increase can be accommodated within existing fee revenues; no fee increase would be necessary. This funding increase is only for the FY2020-21 biennium, based on the impact that the Governor's Vulnerable Adult Regulatory Reforms proposal would have on the number of home care providers.

2. **Case Management** – HRD currently relies on a 15-year-old electronic system to manage our work around inspections, investigations, enforcement, time-reporting and federal reimbursement. This creates a significant operational and financial risk for the agency. Continued use of this legacy system perpetuates an inefficient, expensive and paper-based process and restricts the ability to innovate and gain critical efficiencies. The current system cannot store documents or manage workflow and is extremely limited in the ability to extract stored data. These limitations severely impact the ability of the Health Regulation Division to provide information to the public, analyze operations, coordinate state and federal activities, and forecast future needs.

    Creating a modern, centralized framework for case management that integrates existing systems and technology would mitigate the risks posed by the legacy system and further support the continuous improvement activities underway to protect vulnerable adults. The framework will be based on DHS's Social Services Information System (SSIS) for case management. It will integrate existing IT systems for electronic

licensing and document management, and incorporate a single entry point with the Minnesota Adult Abuse and Reporting Center (MAARC), the state's abuse allegation reporting system. The case management system will be aligned with a public reporting website where visitors can search, sort and compare information about providers.

a. The new, integrated **MDH case management system** would be built in two phases over four years for a total estimated cost of $ 6.5 million including MDH and DHS costs. The first biennium request ($ 3.3 million for FY 2020-21) for the new case management system will include:
   i. **Connection to DHS through SSIS for maltreatment investigation** case management
   ii. **Implementation and integration of in-house IT systems** across the division for electronic licensing and document management, with the goal to leverage existing systems and minimize unnecessary redundancy
   iii. **Development of a time-reporting module** to support federal reporting across multiple HRD programs
   iv. **Access to data and new business intelligence** gathered through the adoption of SSIS and optimized workflows of programs responsible for prevention of abuse, neglect and maltreatment
   v. **Evaluation of the functionality of the integrated systems**, including additional needed requirements and develop a plan for optimization in Phase 2 ($2.8 million in FY 2022-23)

b. Creation of a **common landing page and functional enhancements for MAARC and nursing home self-reports** ($250,000 for 2020-21 biennium, $60,000 for the 2022-23 biennium). All reporters will start their required online reports through an updated drop-down menu on the MAARC landing page. The revised drop-down menu on the MAARC page will direct nursing home self-reports to the existing NHIR login page. This user-friendly approach will create a unified user experience with updated policy guidance, yet still ensure that required data elements and timelines are met. Improvements include more robust data collection and reporting through additional data elements and enhanced data transfer capabilities. This work will be done in collaboration with the Department of Human Services.

c. Building a **public reporting website** where visitors can search, sort and compare information about providers. $1.6 million for 2020-21 biennium, $0.5 million annual support and maintenance thereafter.

3. **Data analysis and reporting** – Enhanced capacity to support timely notification of maltreatment complaints, respond to the growing number of complex data practices requests, and generate robust analysis and reports to drive continued improvement and public engagement. (4.75 FTEs, $1.2 million for the FY2020-21 biennium)

4. **Communications and engagement** – Dedicated resources to support work groups and committees, stakeholder engagement, and develop more effective online content and other materials for key audiences. (2 FTEs, $0.4 million biennial request)

| $ in thousands | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| Regulatory Capacity: State Licensing | 3,013 | 3,013 | 3,013 | 3,013 |
| Regulatory Capacity: Home Care and Assisted Living (SGSR) | 1,103 | 1,103 | | |
| IT: MDH Case Management System | 2,220 | | 1,600 | 1,169 |
| IT: DHS Case Management System | 1,093 | | 218 | 218 |

| $ in thousands | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| IT: Single Entry Point for Abuse Allegation Reporting | 175 | 75 | 30 | 30 |
| IT: Reporting Website | 1,077 | 504 | 447 | 447 |
| Data Analysis and Reporting | 744 | 501 | 501 | 501 |
| Communications and Engagement | 209 | 209 | 209 | 209 |
| Total GF (MDH) | 7,438 | 4,302 | 5,800 | 5,369 |
| Total SGSR (MDH) | 1,103 | 1,103 | | |
| Total GF (DHS) | 1,093 | | 218 | 218 |
| **Grand Total** | **9,634** | **5,405** | **6,018** | **5,587** |

**Equity and Inclusion:**
This proposal addresses substantial needs within the Health Regulation Division for modernization and capacity building that directly affect the quality and safety of services and facilities for vulnerable adults across Minnesota. To the extent that facility quality and safety affect health disparities and access to care for underserved persons and communities, including racial and ethnic groups, LGBTQ persons and populations, veterans, persons with disabilities and chronic health concerns, or other underserved communities, this proposal supports access and quality health care for all Minnesotans. Additionally, the health department as part of its regulatory responsibilities, enforces federal and state law to ensure that facility residents are protected from discriminatory policies and practices that affect the ability of Minnesotans to receive health care.

**IT Related Proposals:**
This proposal makes $5.9 million in information technology improvements and upgrades over the 2020-21 biennia. The projects relate to creating the case management framework and establishing a MAARC single entry point and other website improvements.

**Results:**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Federal standard: inspect each nursing home at least every 15.9 months | 100% | 100% | FFY14<br>FFY15 |
| Quality | Total onsite Vulnerable Adults Act investigations completed within 60 days | 40% | 31% | SFY13<br>SFY14 |
| Quantity | Inspect each temporary home care license within the first twelve months | 100% | 100% | SFY17<br>SFY18 |
| Quantity | Inspect each licensed home care provider at least once every three years | 29% | 30% | SFY17<br>SFY18 |
| Quality | Enforcement Actions (licenses denied or issued with conditions) | 3 | 26 | SFY17<br>SFY18 |

**Statutory Change(s):**
Minnesota statutes 144A.474, Subds. 9, 11

**Change Item Title: Head Start Background Studies**

| Fiscal Impact ($000s) | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
|---|---|---|---|---|
| General Fund | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 51 | 8 | 8 | 8 |
| Revenues | (51) | (8) | (8) | (8) |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| **FTEs** | **0** | **0** | **0** | **0** |

### Recommendation:

The Governor recommends that statutory authority be given to the Minnesota Department of Human Services (DHS) to add Head Start programs that are license-exempt and not receiving Child Care Assistance Program (CCAP) funds and Tribal Head Start programs to the list of programs that can use DHS's background study system, which currently serves DHS licensed Head Start and other individuals working licensed early childhood programs. This brings these Head Start Programs into compliance with federal requirements.

### Rationale/Background:

- Head Start programs must fully implement a new federally required background check process no later than September 30, 2019.
- DHS amended legislation two years ago to meet new Child Care Development Block grant background study requirements that will also meet the Head Start performance standards but some Head Start programs are not currently eligible to have access to the system.
- This proposal is built on analysis and collaboration between Minnesota Department of Education (MDE) and DHS. DHS provided the amended language for their background check system services. DHS welcomes the change and recognizes the improvements to the system and improvement in implementation of background checks for all Head Start programs.
- The background studies would increase revenues to DHS, but because the fees only cover the cost of doing the studies, the proposal is revenue neutral.

### Proposal:

This proposal would provide DHS the statutory authority to add Head Start programs that are license-exempt and not receiving CCAP funds and Tribal Head Start programs to the list of program that can use DHS's background study system. Head Start programs often have a mix of locations that are licensed and licensed exempt within one Head Start grantee agency. If accepted, this legislative proposal will allow a Head Start grantee agency to use one background study process for all of their staff and locations.

This proposal would streamline administration of the background check process for all Head Start grantee agencies though access to the DHS background study system that is compliant with Head Start federal requirements for background studies. This will result in a reduction of paperwork, lessen hiring delays and strengthen the ability to move staff across Head Start sites when needed.

It is critical for federal compliance of the Head Start performance standards that this proposal be adopted in 2019. MDE's Head Start Collaboration Office continues to hear from programs that this proposal is a critical fix.

## Equity and Inclusion:

This proposal supports Head Start programs that are license-exempt or tribally licensed serve children and families who live in poverty and American Indian children. As Head Start programs provide services to low-income families, this proposal will support low-income families by removing administrative barriers on providers that can stymy staffing classrooms.

## Results:

Currently about 60 percent of Head Start programs do have access to the DHS background study system. This change will allow all Head Start programs to use the DHS background study system and meet federal Head Start performance standards.

## Fiscal Detail:

| Net Impact by Fund (dollars in thousands) | | | FY 20 | FY 21 | FY 20-21 | FY 22 | FY 23 | FY 22-23 |
|---|---|---|---|---|---|---|---|---|
| General Fund | | | | | | | | |
| HCAF | | | | | | | | |
| Federal TANF | | | | | | | | |
| Other Fund | | | | | | | | |
| **Total All Funds** | | | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| SRF | 11 | Provider screening and enrollment | 51 | 8 | 59 | 8 | 8 | 16 |
| SRF | REV | Enrollment and Revalidation Fee | (51) | (8) | (59) | (8) | (8) | (16) |
| | | **Requested FTE's** | | | | | | |
| **Fund** | **BACT#** | **Description** | **FY 20** | **FY 21** | **FY 20-21** | **FY 22** | **FY 23** | **FY 22-23** |
| | | | | | | | | |

## Statutory Change(s):

M.S. 245C.02

## AT A GLANCE

- Conducts more than 15,000 administrative appeals per year (CY 2017)
- Reviews and approves more than 6,000 contracts of different types and amendments per year
- Provides human resource management for about 7,140 state staff and about 4,100 county staff
- Resolves more than 100 requests for disability accommodations, investigates over 50 employment discrimination complaints, and resolves over 300 complaints relating to service delivery per year
- Sponsors development, accreditation, and engagement opportunities for all 7,140 DHS employees
- Promotes continuous improvement and accountability across the 11 essential human services in all 87 counties.
- Licenses approximately 21,000 service providers.
- Conducts more than 8,800 recipient and 700 provider fraud investigations resulting in over $7.4 million and $12.9 million in identified overpayments (CY2017) respectively. To the extent we can realize recoveries, they are returned to county state and federal funding sources.
- Receives 4,340 maltreatement and 3,774 licensing reports; investigates 737 maltreatment allegations and 1,227 licensing reports (FY2017).
- All funds spending for Operations activities for FY 2017 was $101 million. This represents 0.6 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Operations area within the Department of Human Services (DHS) serves external customers, internal staff, and ensures integrity in spending of public resources. To external customers, we license service providers and conduct background studies – key activities that keep Minnesotans safe and protect our most vulnerable citizens. We also provide appeals processes, tribal, county, and community relations, and communication resources.

To internal staff, we provide human resources services, financial management, legal services, technology planning and facilities management.

Finally, we work to ensure the prudent use of public dollars by investigating, preventing, and stopping fraudulent uses of state and federal money.

## SERVICES PROVIDED

Our Compliance Office is responsible for legal and compliance activities throughout the agency:

- The **Appeals Division** conducts administrative fair hearings for applicants and recipients appealing the denial, reduction, sanction or termination of benefits in cash and food programs, health care programs, social services programs and residential programs. We also hold administrative hearings when a state or county agency has determined a person committed program fraud, maltreated a child or vulnerable adult, or believes a person should be disqualified from having access to or working with vulnerable populations in a program licensed by the department.
- The **Contracts, Purchasing and Legal Compliance Division** is the agency wide facilitator of DHS goods and services acquisitions including agency-wide asset management, commodities procurements, professional and technical services, and services delivered directly to program clients through grant contracts. The

Division provides legal analysis and advice regarding contract development and vendor and grantee management.

- The **Internal Audits Office** tests, analyzes, evaluates and maintains the overall internal control environment at DHS. The Office has of three primary functions: Internal Audits, Program Compliance and Audits, and the Digital Forensics Lab. Our staff conducts audits of DHS grantees, contractors, vendors, and counties.
- The **General Counsel's Office** provides legal advice, counsel, and direction for all of DHS' legal activities.
- The **Management and Policy Division** oversees prevention, providing counsel on ethics, risk management, business continuity, records management, agency internal administrative policies, Commissioner Delegations of Authority, and policy bulletins.

Our **External Relations Office** oversee and provides direction to communications and key stakeholder relation efforts across the agency.

- Our **Office of Indian Policy** helps implement and coordinate programs with Tribes and provides ongoing consultation for program development for the delivery of services to American Indians living both on and off reservations. This office promotes government-to-government relations, and works to enhance tribal infrastructure, reduce disparities, and design effective programs.
- Our **Communications Office** leads agency communications efforts. We respond to inquiries from the news media and prepare information that helps the general public understand the agency's services and human services policies.
- Our **Legislative Relations** area participates in all aspects of legislative session planning and activities. We serve as a resource to managers and staff regarding the legislative process, prepare information for lawmakers, budget recommendations and position statements, as well as monitoring, tracking and analyzing legislative bills.
- Our **Community Relations** area supports, develops, and facilitates relationships between DHS and the community.
- Our **County Relations** area takes a lead role in the agency's relationships with Minnesota's 87 counties. These counties administer most of the human services system that the agency oversees.

Our **Human Resources Division** provides human resources management services for 7,140 staff at the agency and for approximately 4,100 county human services employees. This division provides staffing, health, safety, compensation, job classification, labor relations, management consulting, benefits administration, workers compensation and employee assistance services to managers and employees. The division is also responsible for the agency's continuous improvements training and initiatives, and for recycling, facilities management, mail processing, security, information desk services, and vehicle management.

Our **Office for Equity, Performance, and Development** helps DHS to maintain and cultivate a diverse and inclusive workforce, ensures that DHS uses equitable practices in employment and service delivery, provides consultation on performance measurement and continuous improvement, data analytics, survey development, and strategic planning, and promotes employee development, learning, and engagement.

The **DHS Office of Inspector General** (http://mn.gov/dhs/general-public/office-of-inspector-general/) manages financial fraud and abuse investigations; licenses programs such as family child care, adult foster care, and mental health centers; and conducts background studies on people who apply to work in these settings:

- Our Licensing Division (https://mn.gov/dhs/general-public/licensing/) licenses residential and nonresidential programs for children and vulnerable adults to ensure that the programs meet the requirements and the law. These programs include child care centers, family child care (via counties), foster care, adoption agencies, and services for people with developmental disabilities, chemical dependency, and mental illness. Our staff also completes investigations of maltreatment of vulnerable adults and children receiving services licensed by DHS.

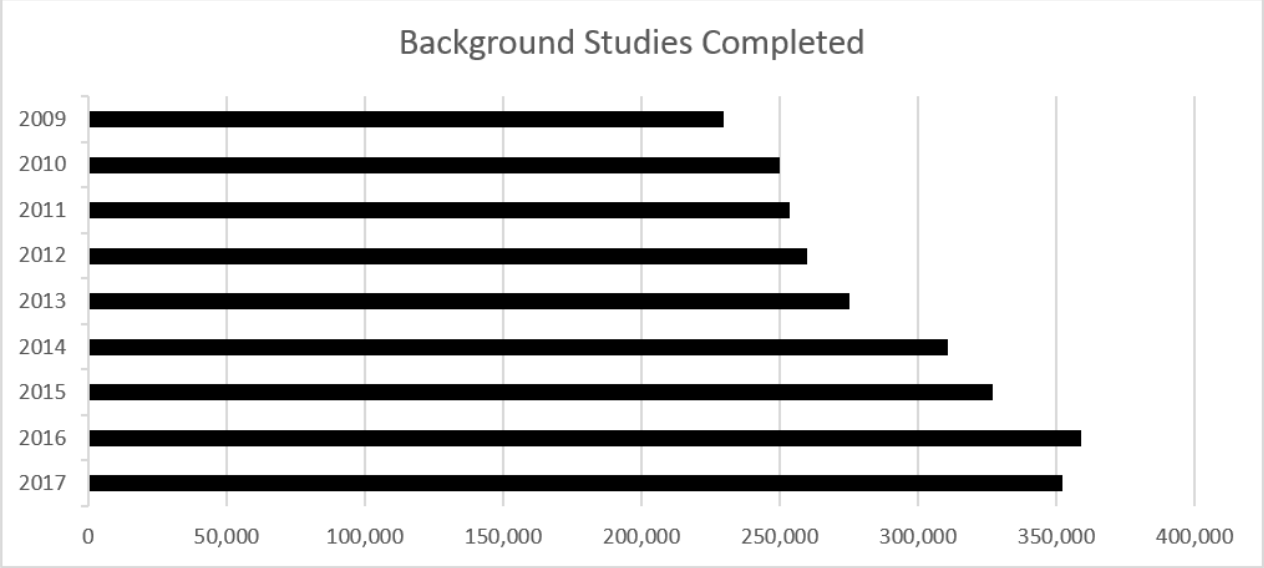
- Our Background Studies Division (https://mn.gov/dhs/general-public/background-studies/) annually conducts over 350,000 background studies on people working with children or vulnerable adults.
- Our Fraud Investigations Division (http://mn.gov/dhs/general-public/office-of-inspector-general/fraud-investigations/index.jsp) oversees fraud prevention and financial recovery efforts in health care, economic assistance, child care assistance, and food support programs.

Our **Office of the Chief Financial Officer** provides fiscal services and controls the financial transactions of the agency, including the Central Office and Direct Care and Treatment. Core functions include preparing budget information, paying agency obligations, providing federal fiscal reporting, conducting patient revenue generation and collections, administering the Parental Fee program, processing agency receipts and preparing employees' payroll. The Reports and Forecasts Division (http://mn.gov/dhs/general-public/publications-forms-resources/reports/financial-reports-and-forecasts.jsp) is responsible for meeting federal reporting requirements for economic assistance programs, Minnesota Health Care Programs, and the Supplemental Nutrition Assistance Program. Our staff provides forecasts of program caseloads and expenditures, provides fiscal analyses of proposed legislation affecting these programs, and responds to requests for statistical information on the programs.

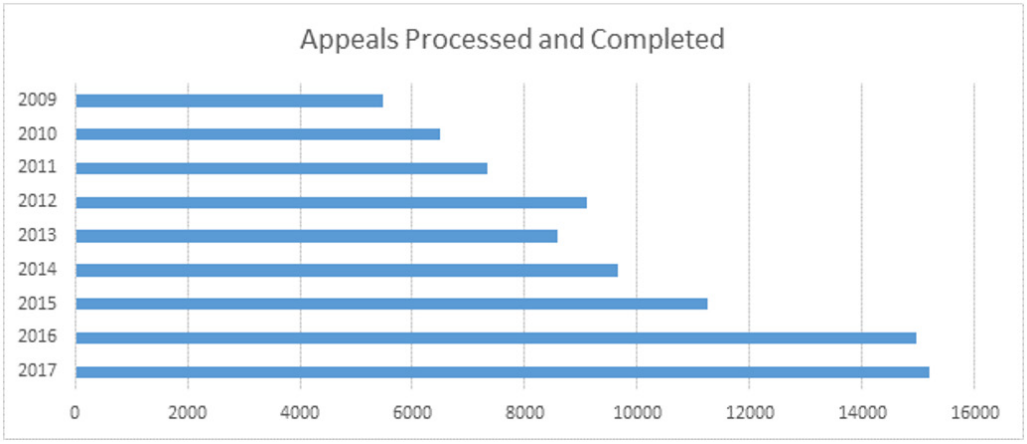
The **Business Solutions Offices** works across the agency and with external stakeholders to partner with MNIT in providing technology systems that support the delivery of human services. Staff in this office develop the business architecture to support system design, serve as the business owners for enterprise applications, coordinate the submission of federal funding applications, align data strategies, work throughout the agency and with external stakeholders on business readiness efforts and implement governance oversight for information management and technology work of the agency.

## RESULTS

**Number of background studies completed annually: Individuals who provide direct contact services to clients**



**Number of Appeals processed and completed by fiscal year**

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Operations' legal authority is in several places in state law: M.S. chapter 245A (Human Services Licensing); chapter 245C (Human Services Background Studies) and sections 144.057, 144A.476, and 524.5-118; and chapter 245D (Home and Community-Based Services Standards), M.S. Chapter 43A, sections 43A.19, 43A.191 (Affirmative Action), M.S. Chapter 363A (Human Rights), M.S. Chapter 402A (Human Services Performance Management).

Additional statutes give the agency authority to investigate fraud: M.S. sections 119B.125, 152.126, 256.987, 256D.024, 256J.26, 256J.38, 609.821, 626.5533, and chapter 245E (Child Care Assistance Program Fraud Investigations).

M.S. sections 626.556 and 626.557 authorize the agency's work conducting background studies and investigating reports related to maltreatment of minors and of vulnerable adults.

M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. M.S. sections 256.045 to 256.046 give authority for the agency's appeals activities.

**NOTE:** MN.IT spending, which previously was reported under Operations, is now reflected on its own budget activity page.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 49,912 | 53,540 | 63,057 | 71,493 | 69,709 | 69,916 | 91,866 | 89,656 |
| 1200 - State Government Special Rev | 4,346 | 4,205 | 3,777 | 4,533 | 4,173 | 4,173 | 5,449 | 5,440 |
| 2000 - Restrict Misc Special Revenue | 7,743 | 8,771 | 7,959 | 8,828 | 9,370 | 9,373 | 9,389 | 9,353 |
| 2001 - Other Misc Special Revenue | 15,917 | 26,842 | 26,647 | 31,284 | 30,108 | 29,969 | 30,108 | 29,969 |
| 2360 - Health Care Access | 4,262 | 5,582 | 5,996 | 6,916 | 6,811 | 6,811 | 7,722 | 8,758 |
| 3000 - Federal | 2,580 | 2,593 | 1,742 | 6,874 | 6,891 | 2,591 | 6,891 | 2,591 |
| 3001 - Federal TANF | 104 | 99 | 99 | 100 | 100 | 100 | 100 | 100 |
| **Total** | **84,864** | **101,631** | **109,276** | **130,028** | **127,162** | **122,933** | **151,525** | **145,867** |
| Biennial Change | | | | 52,809 | | 10,791 | | 58,088 |
| Biennial % Change | | | | 28 | | 5 | | 24 |
| Governor's Change from Base | | | | | | | | 47,297 |
| Governor's % Change from Base | | | | | | | | 19 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 51,611 | 60,226 | 64,800 | 72,492 | 75,044 | 70,608 | 79,461 | 75,101 |
| Operating Expenses | 31,273 | 37,974 | 42,717 | 57,451 | 51,870 | 52,077 | 71,391 | 70,093 |
| Grants, Aids and Subsidies | 57 | 90 | 124 | | | | 425 | 425 |
| Capital Outlay-Real Property | 1,367 | 251 | 3 | | | | | |
| Other Financial Transaction | 556 | 3,090 | 1,632 | 85 | 248 | 248 | 248 | 248 |
| **Total** | **84,864** | **101,631** | **109,276** | **130,028** | **127,162** | **122,933** | **151,525** | **145,867** |
| ***Full-Time Equivalents*** | **553.16** | **617.74** | **658.75** | **654.75** | **634.44** | **623.81** | **669.79** | **660.41** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 928 | | 5,375 | | | | |
| Direct Appropriation | 115,577 | 114,291 | 137,610 | 138,055 | 133,002 | 133,047 | 155,159 | 152,787 |
| Transfers In | 9,825 | 17,250 | 13,337 | 27,537 | 11,093 | 11,093 | 11,093 | 11,093 |
| Transfers Out | 75,036 | 78,891 | 82,516 | 99,474 | 74,386 | 74,224 | 74,386 | 74,224 |
| Cancellations | | 39 | | | | | | |
| Balance Forward Out | 454 | | 5,375 | | | | | |
| **Expenditures** | **49,912** | **53,540** | **63,057** | **71,493** | **69,709** | **69,916** | **91,866** | **89,656** |
| Biennial Change in Expenditures | | | | 31,098 | | 5,075 | | 46,972 |
| Biennial % Change in Expenditures | | | | 30 | | 4 | | 35 |
| Governor's Change from Base | | | | | | | | 41,897 |
| Governor's % Change from Base | | | | | | | | 30 |
| Full-Time Equivalents | 353.37 | 392.74 | 437.85 | 437.85 | 420.40 | 411.20 | 452.70 | 444.75 |
| **1200 - State Government Special Rev** | | | | | | | | |
| Balance Forward In | | 57 | | 372 | | | | |
| Direct Appropriation | 4,389 | 4,149 | 4,149 | 4,162 | 4,174 | 4,174 | 5,450 | 5,441 |
| Transfers In | | | | 12 | 24 | 24 | 24 | 24 |
| Transfers Out | | | | 13 | 25 | 25 | 25 | 25 |
| Cancellations | | 0 | | | | | | |
| Balance Forward Out | 43 | | 372 | | | | | |
| **Expenditures** | **4,346** | **4,205** | **3,777** | **4,533** | **4,173** | **4,173** | **5,449** | **5,440** |
| Biennial Change in Expenditures | | | | (241) | | 36 | | 2,579 |
| Biennial % Change in Expenditures | | | | (3) | | 0 | | 31 |
| Governor's Change from Base | | | | | | | | 2,543 |
| Governor's % Change from Base | | | | | | | | 30 |
| Full-Time Equivalents | 35.74 | 40.80 | 36.18 | 36.18 | 34.76 | 34.02 | 45.51 | 44.77 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 4,394 | 5,044 | 3,609 | 1,806 | 85 | 13 | 85 | 13 |
| Receipts | 7,833 | 7,463 | 7,282 | 7,488 | 9,688 | 9,773 | 10,507 | 10,553 |
| Transfers In | 722 | 926 | 784 | 799 | 877 | 880 | 77 | 80 |
| Transfers Out | 681 | 1,071 | 1,912 | 1,180 | 1,267 | 1,267 | 1,267 | 1,267 |
| Balance Forward Out | 4,525 | 3,590 | 1,805 | 85 | 13 | 26 | 13 | 26 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **Expenditures** | **7,743** | **8,771** | **7,959** | **8,828** | **9,370** | **9,373** | **9,389** | **9,353** |
| Biennial Change in Expenditures | | | | 273 | | 1,956 | | 1,955 |
| Biennial % Change in Expenditures | | | | 2 | | 12 | | 12 |
| Governor's Change from Base | | | | | | | | (1) |
| Governor's % Change from Base | | | | | | | | (0) |
| Full-Time Equivalents | 71.79 | 81.80 | 74.76 | 74.76 | 74.76 | 74.76 | 67.06 | 67.06 |

## 2001 - Other Misc Special Revenue

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 2,125 | 1,950 | 2,272 | 2,343 | 3,032 | 3,493 | 3,032 | 3,493 |
| Receipts | 18,114 | 18,894 | 17,704 | 22,965 | 21,795 | 21,795 | 21,795 | 21,795 |
| Transfers In | 1,259 | 12,126 | 13,406 | 13,826 | 14,227 | 14,088 | 14,227 | 14,088 |
| Transfers Out | 3,622 | 3,844 | 4,392 | 4,818 | 5,453 | 5,453 | 5,453 | 5,453 |
| Balance Forward Out | 1,959 | 2,284 | 2,343 | 3,032 | 3,493 | 3,954 | 3,493 | 3,954 |
| **Expenditures** | **15,917** | **26,842** | **26,647** | **31,284** | **30,108** | **29,969** | **30,108** | **29,969** |
| Biennial Change in Expenditures | | | | 15,172 | | 2,146 | | 2,146 |
| Biennial % Change in Expenditures | | | | 35 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 36.62 | 44.18 | 53.65 | 53.65 | 53.38 | 53.31 | 53.38 | 53.31 |

## 2360 - Health Care Access

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | | 317 | | 118 | | | | |
| Direct Appropriation | 9,793 | 10,503 | 21,019 | 21,118 | 20,709 | 20,709 | 21,620 | 22,656 |
| Transfers In | 309 | 219 | 119 | 131 | | | | |
| Transfers Out | 5,560 | 5,423 | 15,024 | 14,451 | 13,898 | 13,898 | 13,898 | 13,898 |
| Cancellations | | 34 | | | | | | |
| Balance Forward Out | 280 | | 118 | | | | | |
| **Expenditures** | **4,262** | **5,582** | **5,996** | **6,916** | **6,811** | **6,811** | **7,722** | **8,758** |
| Biennial Change in Expenditures | | | | 3,069 | | 710 | | 3,568 |
| Biennial % Change in Expenditures | | | | 31 | | 6 | | 28 |
| Governor's Change from Base | | | | | | | | 2,858 |
| Governor's % Change from Base | | | | | | | | 21 |
| Full-Time Equivalents | 34.22 | 34.23 | 34.32 | 34.32 | 33.15 | 32.53 | 33.15 | 32.53 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 41 | 6 | 6 | 11 | | | | |
| Receipts | 2,545 | 2,593 | 1,747 | 6,863 | 6,891 | 2,591 | 6,891 | 2,591 |
| Balance Forward Out | 6 | 6 | 12 | | | | | |
| **Expenditures** | **2,580** | **2,593** | **1,742** | **6,874** | **6,891** | **2,591** | **6,891** | **2,591** |
| Biennial Change in Expenditures | | | | 3,443 | | 866 | | 866 |
| Biennial % Change in Expenditures | | | | 67 | | 10 | | 10 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 20.52 | 23.17 | 21.19 | 17.19 | 17.19 | 17.19 | 17.19 | 17.19 |
| **3001 - Federal TANF** | | | | | | | | |
| Balance Forward In | | 0 | 0 | | | | | |
| Receipts | 104 | 99 | 99 | 100 | 100 | 100 | 100 | 100 |
| Balance Forward Out | 0 | 0 | 0 | | | | | |
| **Expenditures** | **104** | **99** | **99** | **100** | **100** | **100** | **100** | **100** |
| Biennial Change in Expenditures | | | | (4) | | 1 | | 1 |
| Biennial % Change in Expenditures | | | | (2) | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.90 | 0.82 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 | 0.80 |

# Program: Central Office Operations
# Activity: Children & Families

mn.gov/dhs/people-we-serve/children-and-families/

## AT A GLANCE

- Provides child support services to more than 346,000 custodial and non-custodial parents annually and 240,000 children
- Provides child care assistance to more than 29,000 children in an average month
- 1563 children were either adopted or had a permanent transfer of legal custody to a relative in 2017
- Facilitates Supplemental Nutrition Assistance Program (SNAP) payments to more than 429,000 Minnesotans every month
- All funds administrative spending for the Children and Families activity for FY 2017 was $45.4 million. This represented 0.27 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Children and Families administers, and provides administrative support to counties, tribes and social service agencies for programs that provide child safety and well-being services, and for economic assistance programs serving low-income families and children.

These services help ensure that low-income people receive the support they need to be safe and help build stable families and communities. Programs administered in this area seek to:

- Keep more people fed and healthy by increasing nutrition assistance participation,
- Keep more children out of foster care and safely with their families,
- Decrease the disproportionate number of children of color in out-of-home placements, and
- Increase access to high quality child care.

Our statewide administration of these programs ensures that federal funds are used according to federal regulations, resources and services are distributed equitably across the state, and quality standards are maintained.

## SERVICES PROVIDED

The Children and Family Services Administration is organized into five principal Divisions:

- Child Safety and Permanency,
- Child Support,
- Community Partnerships and Child Care Services,
- Economic Assistance and Employment Supports, and
- Management Operations.

In the Children and Families Services Administration our staff provides administrative direction and supports to counties, tribes and community agencies. Our work includes:

- Researching, recommending and implementing statewide policy and programs,
- Managing grants,
- Training and giving technical assistance to counties, tribes and grantees,
- Evaluating and auditing service delivery, and

- Conducting quality assurance reviews to make sure that effective services are delivered efficiently and consistently across the state.

Our areas of responsibility include administering several forecasted programs: the Minnesota Family Investment Program (MFIP) and Diversionary Work Program, and MFIP Child Care Assistance. Our staff also supports grant programs that provide funding for housing, food and child welfare services. We also administer the federal Supplemental Nutrition Assistance Program (SNAP). We review approximately 2,600 SNAP cases annually to see if benefits and eligibility were determined correctly. In addition, we review overall county and tribal administration and management of SNAP in 30-35 agencies each year. We provide oversight of statewide child welfare services that focus on ensuring children's safety while supporting families. We ensure that core safety services focus on preventing or remedying neglect, and providing basic food, housing and other supports to the most at-risk adults and children. In 2015, we provided more than 950 classroom and over 3,800 on-line trainings for county staff on SNAP, family cash assistance and child care assistance.

Funding for our programs comes from a combination of state and federal dollars. Major federal block grants that support programs in our Administration include Temporary Assistance for Needy Families, the Child Care and Development Fund, the Social Services Block Grant and the Community Services Block Grant. Funding from these four federal sources totaled $458 million in federal fiscal year 2017.

## RESULTS

We provide administrative support to a broad array of programs and services for low-income families and adults and children.

Key Measures for programs serving families and children:

| ***Type of Measure*** | ***Description of Measure*** | ***2014*** | ***2015*** | ***2016*** | ***2017*** |
|---|---|---|---|---|---|
| Quality | Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report | 94.3% | 94.5% | 91.8% | 91% |
| Quality | Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months | 60% | 56.1% | 50.6% | 47.5% |
| Quality | Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year | 50% | 44.8% | 48.1% | 51.2% |
| Quality | Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year | 17.4% | 23.1% | 25.2% | 28.8% |

Data for quality measures provided by Children's Research Unit at the Department of Human Services.

The two key measures in MFIP/DWP are:

- The **Self-Support Index** (S-SI), which is a results measure. The S-SI shows the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The chart following shows that about two-thirds of participants have left MFIP or DWP and/or are working at least 30 hours per week three years after a baseline period.

| ***Year ending in March of:*** | ***S-SI*** |
|---|---|
| 2016 | 68.0% |
| 2017 | 65.9% |
| 2018 | 64.6% |

- The federal Work Participation Rate (WPR), which is a measure of quantity. The WPR shows parents engaging in work and specific work-related activities. We calculate an estimated WPR for counties, county consortiums and tribes monthly, and it is annualized to allocate performance bonus funds. (Beginning in calendar year 2016, the bonus will be based solely on the S-SI.) The chart following shows the WPR for 2015 to 2017.

| ***Federal Fiscal Year*** | ***WPR*** |
|---|---|
| 2015 | 37.9% |
| 2016 | 39.4% |
| 2017 | 38.9% |

Another employment-related, state-mandated performance measure tracked is:

- **MFIP/DWP Median Placement Wage**, a quality measure that reflects the number of people getting jobs and the median wage. The chart shows the statewide median hourly starting wage. (Tribes are not included.)

| ***Calendar Year*** | ***Median Placement Wage Per Hour for MFIP Clients*** | ***Median Placement Wage Per Hour for DWP Clients*** |
|---|---|---|
| 2015 | $11.00 | $11.00 |
| 2016 | $11.50 | $11.50 |
| 2017 | $12.00 | $12.00 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 8,186 | 9,781 | 10,582 | 11,597 | 11,055 | 10,963 | 13,888 | 14,706 |
| 2000 - Restrict Misc Special Revenue | 136 | 55 | 160 | 795 | 62 | 62 | 62 | 62 |
| 2001 - Other Misc Special Revenue | 20,791 | 20,404 | 22,244 | 25,861 | 23,604 | 23,337 | 23,604 | 23,337 |
| 3000 - Federal | 10,960 | 13,192 | 12,066 | 16,420 | 16,710 | 16,308 | 16,710 | 16,308 |
| 3001 - Federal TANF | 2,038 | 2,013 | 1,848 | 2,582 | 2,582 | 2,582 | 2,582 | 2,582 |
| **Total** | **42,110** | **45,445** | **46,900** | **57,255** | **54,013** | **53,252** | **56,846** | **56,995** |
| Biennial Change | | | | 16,600 | | 3,110 | | 9,686 |
| Biennial % Change | | | | 19 | | 3 | | 9 |
| Governor's Change from Base | | | | | | | | 6,576 |
| Governor's % Change from Base | | | | | | | | 6 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 27,101 | 29,384 | 32,401 | 37,180 | 36,466 | 35,927 | 38,799 | 39,570 |
| Operating Expenses | 14,733 | 14,487 | 13,893 | 19,933 | 17,465 | 17,243 | 17,965 | 17,343 |
| Grants, Aids and Subsidies | 123 | 1,448 | 544 | 108 | 50 | 50 | 50 | 50 |
| Other Financial Transaction | 152 | 125 | 62 | 34 | 32 | 32 | 32 | 32 |
| **Total** | **42,110** | **45,445** | **46,900** | **57,255** | **54,013** | **53,252** | **56,846** | **56,995** |
| ***Full-Time Equivalents*** | **286.01** | **303.02** | **324.07** | **324.07** | **316.73** | **312.95** | **325.73** | **334.95** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 1,291 | | 477 | | | | |
| Direct Appropriation | 9,974 | 9,961 | 10,438 | 10,821 | 11,115 | 11,071 | 13,948 | 14,814 |
| Transfers In | 438 | 705 | 1,254 | 1,402 | 963 | 915 | 963 | 915 |
| Transfers Out | 1,396 | 2,162 | 633 | 1,103 | 1,023 | 1,023 | 1,023 | 1,023 |
| Cancellations | | 13 | | | | | | |
| Balance Forward Out | 830 | | 477 | | | | | |
| **Expenditures** | **8,186** | **9,781** | **10,582** | **11,597** | **11,055** | **10,963** | **13,888** | **14,706** |
| Biennial Change in Expenditures | | | | 4,212 | | (161) | | 6,415 |
| Biennial % Change in Expenditures | | | | 23 | | (1) | | 29 |
| Governor's Change from Base | | | | | | | | 6,576 |
| Governor's % Change from Base | | | | | | | | 30 |
| Full-Time Equivalents | 61.61 | 72.82 | 75.86 | 75.86 | 72.58 | 70.88 | 81.58 | 92.88 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 303 | 115 | 672 | 555 | | | | |
| Receipts | 243 | 81 | 0 | 178 | | | | |
| Transfers In | 15 | 494 | 42 | 62 | 62 | 62 | 62 | 62 |
| Transfers Out | 320 | 51 | | | | | | |
| Balance Forward Out | 105 | 584 | 554 | | | | | |
| **Expenditures** | **136** | **55** | **160** | **795** | **62** | **62** | **62** | **62** |
| Biennial Change in Expenditures | | | | 764 | | (831) | | (831) |
| Biennial % Change in Expenditures | | | | 400 | | (87) | | (87) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.07 | 0.61 | 1.63 | 1.63 | 1.63 | 1.63 | 1.63 | 1.63 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 2,548 | 1,759 | 2,588 | 1,078 | 415 | 216 | 415 | 216 |
| Receipts | 3,310 | 1,972 | 3,009 | 2,506 | 2,506 | 2,588 | 2,506 | 2,588 |
| Transfers In | 16,087 | 18,726 | 17,806 | 22,692 | 20,899 | 20,632 | 20,899 | 20,632 |
| Transfers Out | | | 82 | | | | | |
| Balance Forward Out | 1,155 | 2,054 | 1,077 | 415 | 216 | 99 | 216 | 99 |
| **Expenditures** | **20,791** | **20,404** | **22,244** | **25,861** | **23,604** | **23,337** | **23,604** | **23,337** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial Change in Expenditures | | | | 6,911 | | (1,164) | | (1,164) |
| Biennial % Change in Expenditures | | | | 17 | | (2) | | (2) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 126.10 | 129.57 | 142.10 | 142.10 | 138.04 | 135.96 | 138.04 | 135.96 |

## 3000 - Federal

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 132 | 96 | 169 | 58 | | | | |
| Receipts | 10,918 | 13,203 | 11,955 | 16,362 | 16,710 | 16,308 | 16,710 | 16,308 |
| Transfers Out | 0 | | | | | | | |
| Balance Forward Out | 92 | 107 | 59 | | | | | |
| **Expenditures** | **10,960** | **13,192** | **12,066** | **16,420** | **16,710** | **16,308** | **16,710** | **16,308** |
| Biennial Change in Expenditures | | | | 4,334 | | 4,532 | | 4,532 |
| Biennial % Change in Expenditures | | | | 18 | | 16 | | 16 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 85.10 | 89.01 | 93.39 | 93.39 | 93.39 | 93.39 | 93.39 | 93.39 |

## 3001 - Federal TANF

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 0 | | | | | | | |
| Receipts | 2,038 | 2,013 | 1,848 | 2,582 | 2,582 | 2,582 | 2,582 | 2,582 |
| **Expenditures** | **2,038** | **2,013** | **1,848** | **2,582** | **2,582** | **2,582** | **2,582** | **2,582** |
| Biennial Change in Expenditures | | | | 379 | | 734 | | 734 |
| Biennial % Change in Expenditures | | | | 9 | | 17 | | 17 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 11.13 | 11.01 | 11.09 | 11.09 | 11.09 | 11.09 | 11.09 | 11.09 |

# Program: Central Office Operations
# Activity: Health Care

## AT A GLANCE

- **Medical Assistance** provided coverage for an average of 1,082,654 people each month during FY 2017.
- **MinnesotaCare** provided coverage for an average of 89,081 people each month during FY 2017.
- In FY2017 our member services call center fielded 671,527 telephone calls from recipients.
- In FY2017 our provider help desk answered 313,607 calls from providers.
- All funds administrative spending for the Health Care activity for FY 2017 was $104 million. This represents 0.7 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Minnesota Department of Human Services (DHS) Health Care Administration administers the following two health care programs for low-income Minnesotans:

**Medical Assistance** (MA) is Minnesota's Medicaid program which provides health coverage for low-income people including children and families, people 65 or older, people who have disabilities and adults without dependent children.

**MinnesotaCare** provides coverage for those who do not have access to affordable health care coverage but whose income is too high for Medical Assistance.

Our goals are to:

- Increase the number of insured Minnesotans by helping eligible people get MA or MinnesotaCare coverage
- Improve and streamline Medicaid processes through the way we administer and deliver programs
- Improve the health outcomes, beneficiary experience and value of care delivered through Minnesota Health Care Programs (MHCP)
- Reform payment and delivery models by designing rates and models to reward quality and emphasize transparency
- Use research, data and analysis to develop policy recommendations, support DHS health care programs and evaluate results
- Encourage stakeholder communication to support our clients, partners and programs

## SERVICES PROVIDED

The Health Care Administration's (HCA) divisions and operational units include the following:

**Office of the Assistant Commissioner**

This office performs central functions including:

- Managing the partnership between DHS and the federal Centers for Medicare and Medicaid Services for all Medicaid state plan and waiver services
- Conducting care delivery and payment reform projects including the Integrated Health Partnerships and the CMS State Innovation Models

- Ensuring that benefit and payment policies are supported by best clinical practices through the Office of the Medical Director
- Coordinating the development of recommendations on health care policy and legislation

**Health Care Eligibility Operations**

- Processes paper applications for MinnesotaCare and the Minnesota Family Planning Program
- Provides ongoing case maintenance and processes changes in enrollee circumstance that may influence eligibility
- Provides in-person and online training, responds to system-related questions from counties, and provides systems support.

**Health Care Eligibility and Access**

- Administers all eligibility policy for the Medical Assistance and MinnesotaCare programs including long term care services.
- Provides policy support for county social service agencies, tribal governments, and other entities processing applications for MHCP
- Conducts disability determinations to determine Medical Assistance eligibility under a disability basis
- Develops business requirements for eligibility systems including MAXIS, MMIS, and the Minnesota Eligibility Technology System (METS)

**Purchasing and Service Delivery (PSD)**

- Coordinates the purchasing and delivery of services in state health care programs and administers coverage, benefit policy
- Establishes payment policies and calculations for fee-for-service and managed care rates
- Negotiates and manages annual contracts between DHS and managed care organizations

**Member and Provider Services (MPS)**

- Supports MHCP members and providers, conducts benefits recovery and claims processing, runs the member and provider call centers, enrolls health care providers, and manages all provider training and communication regarding the health care programs
- Assures that Medical Assistance program remains the payer of last resort by billing any insurers or other parties with primary responsibility for paying medical claims
- Responds to enrollee phone calls regarding eligibility, covered services, and provider availability
- Ensures the timely and accurate payment of health care services

**Healthcare Research and Quality**

- Conducts data analysis, research, and data reporting responsibilities for the MHCP and oversees quality assurance activities for the managed care organizations contracting with DHS
- Uses heath care claims data to inform policy and program development and monitors the quality of health care services purchased by DHS

Our staff shares some health care coverage policy and rates development functions with the Community Supports Administration for the services under the purview of those other administrations.

Our work supports the following strategies:

- Improve access to affordable health care
- Integrate primary care, behavioral health and long-term care
- Maintain a workforce committed to fulfilling the agency mission
- Expand the number of providers and enrollees participating in Integrated Health Partnerships
- Modernize eligibility and enrollment systems

- Reduce disparities so that cultural and ethnic communities have the same access to outcomes for health care
- Hold managed care plans accountable for health equity outcomes related to depression, diabetes and well child visits

## RESULTS

DHS works to make Minnesota 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. DHS contracts with managed care organizations to serve enrollees in Minnesota's public health care programs.

As part of Minnesota's commitment to deliver quality health care more efficiently, DHS began a new payment model in 2013 that prioritizes quality preventive care and rewards providers for reducing the cost of care for enrollees in MA and MinnesotaCare programs. This nation-leading reform effort has saved $277 million in health care costs over four years and continues to show how financial incentives and value-based payment can lower costs and maintain or improve health care quality and outcomes. Providers participating in the program currently serve more than 460,000 Minnesotans.

In 2010, DHS was directed to develop and implement a demonstration testing alternative health care delivery systems, including accountable care organizations (ACOs). This led to the development of the Integrated Health Partnerships (IHP) program in 2013. The goal of the program is to improve the quality and value of care provided to Medicaid and MinnesotaCare enrollees while lowering the cost through innovative approaches to care and payment.

The program allows participating providers to enter into an arrangement with DHS to care for enrollees under a payment model that holds the participants accountable for the costs and quality of care their Medicaid patients receive. Providers who participate work together to better coordinate and manage care, resulting in better outcomes.

IHP providers have experienced better health outcomes for their Medicaid and MinnesotaCare populations, reducing inpatient admissions by 14 percent and emergency room visits by 7 percent. They also rank highly on statewide quality benchmarks.

The IHP program continues to expand. Providers that deliver care for less than the targeted cost are eligible to share in the savings; some providers also share the downside risk if costs are higher than targeted. As IHPs progress into their second and third contract years, a portion of their payment is tied to their performance on quality metrics.

In 2017, IHP savings to the health care system totaled nearly than $60.7 million. This comes on top of savings of $48 million in 2016, $87.5 million in 2015, $65.3 million in 2014 and $14.8 million in 2013. These savings are shared by providers, managed care organizations, the federal government, and the state.

Beginning in 2018, DHS expanded and enhanced the IHP model in several important ways. DHS introduced multiple tracks to accommodate a diverse set of provider systems, added a quarterly population-based payment to providers to support their care coordination and infrastructure needs, modified the quality measurements methodology, and increased accountability for nonmedical social factors affecting the health of and disparities found within the IHP population.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quality | Percent of electronically submitted claims paid within two days[1] | 98.28% | 98.36% | FY2015 and FY2017 |
| Quantity | Number of Providers Enrolled in an Integrated Health Partnership[2] | 19 | 24 | 2016 and 2018 |
| Quantity | Total MA Benefit Recoveries (excluding fraud and cost avoidance)[3] | $58 million | $61 million | FY2015 and FY2017 |

Performance Measure Notes:

1. Source: FY 2015 Member and Provider Services Operational Statistics. Compares Fiscal year 2015 (Previous) to Fiscal year 2017 (Current). Our goal is to pay 98 percent of electronically submitted claims within two days. The trend is stable.
2. Measure is the number of providers voluntarily contracting with DHS as an IHP to serve MA and MinnesotaCare recipients. Compares 2016 (Previous) to 2018(Current)
3. Source: Member and Provider Services Operational Statistics. Measure is the total amount of recoveries conducted by the benefit recovery unit at DHS and contractors performing recovery activities on its behalf. Compares FY 2015 (Previous) and FY 2017 (Current).

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M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). Our authority to administer MinnesotaCare is in M.S. chapter 256L.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 15,344 | 14,224 | 19,589 | 21,668 | 19,671 | 19,715 | 20,732 | 21,739 |
| 2000 - Restrict Misc Special Revenue | 1,352 | 2,200 | 2,526 | 2,370 | 2,370 | 2,370 | 2,370 | 2,370 |
| 2001 - Other Misc Special Revenue | 41,153 | 48,686 | 49,955 | 57,322 | 51,435 | 48,988 | 51,435 | 48,988 |
| 2360 - Health Care Access | 24,176 | 25,721 | 25,090 | 24,490 | 24,313 | 24,313 | 25,456 | 25,344 |
| 3000 - Federal | 16,517 | 13,132 | 8,214 | | | | | |
| **Total** | **98,542** | **103,962** | **105,373** | **105,850** | **97,789** | **95,386** | **99,993** | **98,441** |
| Biennial Change | | | | 8,719 | | (18,048) | | (12,789) |
| Biennial % Change | | | | 4 | | (9) | | (6) |
| Governor's Change from Base | | | | | | | | 5,259 |
| Governor's % Change from Base | | | | | | | | 3 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 53,150 | 57,479 | 62,591 | 60,893 | 55,737 | 54,970 | 57,253 | 57,800 |
| Operating Expenses | 42,585 | 42,816 | 41,850 | 44,849 | 41,930 | 40,294 | 42,618 | 40,519 |
| Grants, Aids and Subsidies | 2,421 | 3,239 | 903 | | | | | |
| Capital Outlay-Real Property | 28 | 1 | | | | | | |
| Other Financial Transaction | 359 | 428 | 30 | 108 | 122 | 122 | 122 | 122 |
| **Total** | **98,542** | **103,962** | **105,373** | **105,850** | **97,789** | **95,386** | **99,993** | **98,441** |
| ***Full-Time Equivalents*** | **645.66** | **685.71** | **731.29** | **731.29** | **712.19** | **702.58** | **724.19** | **721.58** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 1,520 | | 384 | | | | |
| Direct Appropriation | 16,667 | 16,683 | 20,719 | 21,336 | 21,676 | 21,720 | 22,737 | 23,744 |
| Transfers In | 2,568 | | 703 | 3,344 | | | | |
| Transfers Out | 2,760 | 3,914 | 1,449 | 3,396 | 2,005 | 2,005 | 2,005 | 2,005 |
| Cancellations | | 66 | | | | | | |
| Balance Forward Out | 1,131 | | 384 | | | | | |
| **Expenditures** | **15,344** | **14,224** | **19,589** | **21,668** | **19,671** | **19,715** | **20,732** | **21,739** |
| Biennial Change in Expenditures | | | | 11,689 | | (1,871) | | 1,214 |
| Biennial % Change in Expenditures | | | | 40 | | (5) | | 3 |
| Governor's Change from Base | | | | | | | | 3,085 |
| Governor's % Change from Base | | | | | | | | 8 |
| Full-Time Equivalents | 101.46 | 101.56 | 152.44 | 152.44 | 147.86 | 145.46 | 153.86 | 157.46 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 203 | 159 | 5 | 5 | | | | |
| Receipts | 1,187 | 1,602 | 1,614 | 1,619 | 1,619 | 1,619 | 1,619 | 1,619 |
| Transfers In | 120 | 538 | 912 | 751 | 751 | 751 | 751 | 751 |
| Transfers Out | | 95 | | 5 | | | | |
| Balance Forward Out | 159 | 5 | 5 | | | | | |
| **Expenditures** | **1,352** | **2,200** | **2,526** | **2,370** | **2,370** | **2,370** | **2,370** | **2,370** |
| Biennial Change in Expenditures | | | | 1,344 | | (156) | | (156) |
| Biennial % Change in Expenditures | | | | 38 | | (3) | | (3) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.75 | 6.93 | 12.37 | 12.37 | 12.37 | 12.37 | 12.37 | 12.37 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 2,766 | 3,796 | 4,406 | 4,682 | 6,749 | 8,868 | 6,749 | 8,868 |
| Receipts | 6,302 | 5,426 | 6,002 | 6,431 | 6,431 | 6,431 | 6,431 | 6,431 |
| Transfers In | 35,756 | 43,667 | 45,091 | 52,958 | 47,123 | 44,676 | 47,123 | 44,676 |
| Transfers Out | | | 862 | | | | | |
| Balance Forward Out | 3,671 | 4,203 | 4,682 | 6,749 | 8,868 | 10,987 | 8,868 | 10,987 |
| **Expenditures** | **41,153** | **48,686** | **49,955** | **57,322** | **51,435** | **48,988** | **51,435** | **48,988** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial Change in Expenditures | | | | 17,438 | | (6,854) | | (6,854) |
| Biennial % Change in Expenditures | | | | 19 | | (6) | | (6) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 231.39 | 246.15 | 249.50 | 249.50 | 242.98 | 239.98 | 242.98 | 239.98 |

## 2360 - Health Care Access

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | | 230 | | 246 | | | | |
| Direct Appropriation | 33,185 | 34,007 | 23,697 | 23,804 | 24,313 | 24,313 | 25,456 | 25,344 |
| Transfers In | 200 | 1,324 | 2,058 | 970 | | | | |
| Transfers Out | 9,168 | 9,815 | 419 | 530 | | | | |
| Cancellations | | 26 | | | | | | |
| Balance Forward Out | 41 | | 246 | | | | | |
| **Expenditures** | **24,176** | **25,721** | **25,090** | **24,490** | **24,313** | **24,313** | **25,456** | **25,344** |
| Biennial Change in Expenditures | | | | (318) | | (954) | | 1,220 |
| Biennial % Change in Expenditures | | | | (1) | | (2) | | 2 |
| Governor's Change from Base | | | | | | | | 2,174 |
| Governor's % Change from Base | | | | | | | | 4 |
| Full-Time Equivalents | 298.04 | 323.99 | 314.58 | 314.58 | 306.58 | 302.37 | 312.58 | 309.37 |

## 3000 - Federal

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | | 0 | 20 | | | | | |
| Receipts | 16,516 | 13,132 | 8,194 | | | | | |
| **Expenditures** | **16,517** | **13,132** | **8,214** | | | | | |
| Biennial Change in Expenditures | | | | (21,435) | | (8,214) | | (8,214) |
| Biennial % Change in Expenditures | | | | (72) | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | 13.02 | 7.08 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 | 2.40 |

# Program: Central Office Operations
# Activity: Continuing Care For Older Adults

mn.gov/dhs/people-we-serve/seniors/

## AT A GLANCE

- Oversees services to over 400,000 older Minnesotans each year with a value $1.4 billion in state and federal funds.
- Provided nursing facility services to 14,529 people per month in FY 2017.
- Provided Elderly Waiver services to 33,654 people per month in FY 2017.
- Performs statewide human services planning and develops and implements policy.
- Obtains, allocates, and manages resources, contracts, and grants.
- Senior Nutrition grants provide congregate dining to 38,000 people and home delivered meals to 12,000 people.
- Provides comprehensive assistance and individualized help to more than 125,000 individuals through over 277,000 calls in 2017 through the Senior LinkAge Line®.
- Provided $50.2 million in services to providers under Aging and Adult Service grants and $1.6 million under Other Long Term Care grants in FY 2017.
- Sets standards for, and evaluates, service development and delivery, and monitors compliance
- Provides technical assistance and training to county and tribal agencies and supports local innovation and quality improvement efforts.
- All funds administrative spending for the Continuing Care Administration activity for FY 2017 was $18.4 million. This represented 0.12 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Continuing Care for Older Adults Administration administers Minnesota's publicly funded long-term care programs and services for older Minnesotans and their families. Our Administration's mission is to improve the dignity, health and independence of the people we serve.

We have four goals:

- Support and enhance the quality of life for older people,
- Manage an equitable and sustainable long-term care system that maximizes value,
- Continuously improve how we administer services, and
- Promote professional excellence and engagement in our work

## SERVICES PROVIDED

The Continuing Care for Older Adults Administration is composed of the following Divisions and units, each charged with particular areas of responsibility:

- Aging and Adult Services Division,
- Fiscal Analysis and Performance Measurement,
- Nursing Facility Rates and Policy Division,
- Operations and Central Functions, and
- Planning and Aging 2030

Our work includes:

- Administering Medical Assistance long-term care waiver programs and state plan services. This includes developing, seeking authority for and implementing policies, projects, and research. We also oversee state and federal grants and contracts, including Senior Nutrition Grants and Moving Home Minnesota, a federal Money Follows the Person Rebalancing Demonstration Program. These programs serve both seniors and people with disabilities;
- Providing training, education, assistance, advocacy and direct services, including overseeing the state's adult protective services system;
- Monitoring service quality by doing evaluations and measuring results using county waiver reviews;
- Staffing of the Governor-appointed Minnesota Board on Aging (http://www.mnaging.org), a state agency administratively placed within DHS with oversight of the Office of Ombudsman for Long-Term Care;
- Working to improve the quality of services and share best practices across providers;
- Providing administrative, financial, and operational management and support for both the Continuing Care for Older Adults Administration and the Community Supports Administration;
- Supporting both Continuing Care for Older adults and Community Supports administrations on IT modernization projects, IT project portfolio oversight, and business process improvement efforts; and
- Providing outreach, staff support and technical assistance to stakeholders and stakeholder workgroups.

Direct services we provide include:

- Providing statewide referrals to services, care transitions support, health insurance and long-term benefits counseling through the Senior LinkAge Line® to older Minnesotans and their caregivers so that they can get answers about long-term care and how to pay for it, assistance resolving issues with Medicare and prescription drugs, connections with volunteer opportunities, or help finding resources;
- Providing long-term care ombudsman services, which help people resolve complaints and keep their services; and
- Developing, maintaining, and publishing provider quality rankings for consumers using the nursing home and HCBS report cards.

## RESULTS

We use several information sources and data to monitor and evaluate quality outcomes and provider performance. Much of the information we analyze is from the DHS Data Warehouse or from surveys of consumers, providers, and lead agencies. More explanation of these measures is in the performance notes below the table.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quality | 1. Average statewide risk-adjusted nursing facility quality of care score out of a possible 100 points | 64.4 | 74.0 | Jan. 2012 to Dec. 2017 |
| Result | 2. Percent of older adults served by home and community-based services | 68.4% | 72.9% | 2013 to 2017 |

More information is available on the DHS Dashboard (http://dashboard.dhs.state.mn.us/).

Performance Notes:

1. Measure one compares January 2012 data to December 2017 data. (Source: Minimum Data Set resident assessments)
2. Measure two compares FY2013 to FY2017. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services

through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: MMIS Claims)

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M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). For other activities administered under Continuing Care for Older Adults, we list legal citations that apply to the program at the end of each budget narrative.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 13,491 | 13,863 | 12,928 | 15,152 | 14,618 | 14,617 | 20,330 | 17,991 |
| 1200 - State Government Special Rev | 103 | 129 | 122 | 129 | 126 | 126 | 126 | 126 |
| 2000 - Restrict Misc Special Revenue | 49 | 162 | 44 | 4,127 | 1,882 | 1,502 | 1,882 | 1,502 |
| 2001 - Other Misc Special Revenue | 244 | 277 | 510 | 864 | 446 | 363 | 446 | 363 |
| 2403 - Gift | | | 6 | 30 | 15 | 15 | 15 | 15 |
| 3000 - Federal | 3,668 | 3,928 | 3,921 | 4,009 | 3,304 | 2,883 | 3,304 | 2,883 |
| **Total** | **17,556** | **18,359** | **17,531** | **24,311** | **20,391** | **19,506** | **26,103** | **22,880** |
| Biennial Change | | | | 5,927 | | (1,945) | | 7,141 |
| Biennial % Change | | | | 17 | | (5) | | 17 |
| Governor's Change from Base | | | | | | | | 9,086 |
| Governor's % Change from Base | | | | | | | | 23 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 11,280 | 11,807 | 12,315 | 13,903 | 13,494 | 13,097 | 14,964 | 14,639 |
| Operating Expenses | 6,097 | 6,111 | 4,817 | 10,383 | 6,872 | 6,384 | 11,114 | 8,216 |
| Grants, Aids and Subsidies | 71 | 394 | 383 | | | | | |
| Other Financial Transaction | 109 | 47 | 16 | 25 | 25 | 25 | 25 | 25 |
| **Total** | **17,556** | **18,359** | **17,531** | **24,311** | **20,391** | **19,506** | **26,103** | **22,880** |
| ***Full-Time Equivalents*** | **120.82** | **118.28** | **119.73** | **119.73** | **116.06** | **114.11** | **130.56** | **129.11** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 1,915 | | 1,626 | | | | |
| Direct Appropriation | 32,950 | 29,925 | 15,359 | 15,113 | 14,618 | 14,617 | 20,330 | 17,991 |
| Transfers In | 1,701 | 807 | 459 | 146 | | | | |
| Transfers Out | 19,444 | 18,745 | 1,264 | 1,733 | | | | |
| Cancellations | | 40 | | | | | | |
| Balance Forward Out | 1,716 | | 1,626 | | | | | |
| **Expenditures** | **13,491** | **13,863** | **12,928** | **15,152** | **14,618** | **14,617** | **20,330** | **17,991** |
| Biennial Change in Expenditures | | | | 726 | | 1,155 | | 10,241 |
| Biennial % Change in Expenditures | | | | 3 | | 4 | | 36 |
| Governor's Change from Base | | | | | | | | 9,086 |
| Governor's % Change from Base | | | | | | | | 31 |
| Full-Time Equivalents | 84.80 | 82.93 | 85.54 | 85.54 | 81.91 | 79.99 | 96.41 | 94.99 |
| **1200 - State Government Special Rev** | | | | | | | | |
| Balance Forward In | | 22 | | 3 | | | | |
| Direct Appropriation | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |
| Transfers In | | | | 1 | 1 | 1 | 1 | 1 |
| Cancellations | | 17 | | | | | | |
| Balance Forward Out | 22 | | 3 | | | | | |
| **Expenditures** | **103** | **129** | **122** | **129** | **126** | **126** | **126** | **126** |
| Biennial Change in Expenditures | | | | 18 | | 1 | | 1 |
| Biennial % Change in Expenditures | | | | 8 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.57 | 1.22 | 1.13 | 1.13 | 1.09 | 1.06 | 1.09 | 1.06 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 121 | 986 | 2,143 | 3,763 | 2,684 | 2,684 | 2,684 | 2,684 |
| Receipts | | | 123 | 1,502 | 1,502 | 1,502 | 1,502 | 1,502 |
| Transfers In | 914 | 1,319 | 1,541 | 1,546 | 380 | | 380 | |
| Balance Forward Out | 986 | 2,143 | 3,763 | 2,684 | 2,684 | 2,684 | 2,684 | 2,684 |
| **Expenditures** | **49** | **162** | **44** | **4,127** | **1,882** | **1,502** | **1,882** | **1,502** |
| Biennial Change in Expenditures | | | | 3,960 | | (787) | | (787) |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial % Change in Expenditures | | | | 1,879 | | (19) | | (19) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.22 | 1.88 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 | 0.60 |

## 2001 - Other Misc Special Revenue

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 397 | 84 | 96 | 112 | | | | |
| Receipts | 111 | 182 | 53 | 168 | 168 | 168 | 168 | 168 |
| Transfers In | 842 | 897 | 472 | 584 | 278 | 195 | 278 | 195 |
| Transfers Out | 1,021 | 801 | | | | | | |
| Balance Forward Out | 84 | 84 | 112 | | | | | |
| **Expenditures** | **244** | **277** | **510** | **864** | **446** | **363** | **446** | **363** |
| Biennial Change in Expenditures | | | | 853 | | (565) | | (565) |
| Biennial % Change in Expenditures | | | | 163 | | (41) | | (41) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 0.34 | | | | | | | |

## 2403 - Gift

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 15 | 15 | 15 | 15 | | | | |
| Receipts | 0 | 0 | 6 | 15 | 15 | 15 | 15 | 15 |
| Balance Forward Out | 15 | 15 | 16 | | | | | |
| **Expenditures** | | | **6** | **30** | **15** | **15** | **15** | **15** |
| Biennial Change in Expenditures | | | | 36 | | (6) | | (6) |
| Biennial % Change in Expenditures | | | | | | (17) | | (17) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 3000 - Federal

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 5 | 15 | 55 | 28 | | | | |
| Receipts | 3,669 | 3,962 | 3,894 | 3,981 | 3,304 | 2,883 | 3,304 | 2,883 |
| Balance Forward Out | 6 | 48 | 27 | | | | | |
| **Expenditures** | **3,668** | **3,928** | **3,921** | **4,009** | **3,304** | **2,883** | **3,304** | **2,883** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial Change in Expenditures | | | | 335 | | (1,743) | | (1,743) |
| Biennial % Change in Expenditures | | | | 4 | | (22) | | (22) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 34.89 | 32.25 | 32.46 | 32.46 | 32.46 | 32.46 | 32.46 | 32.46 |

# Program: Central Office Operations
# Activity: Community Supports

## AT A GLANCE

- Provided 47,280 people with disability home and community-based services waivers in FY2017.
- Provided 42,550 people with Personal Care Assistance (PCA) services in FY2017.
- Provided 2,617 people living with HIV/AIDS medical and support services in FY2017.
- 22,169 people received assistance from the Deaf and Hard of Hearing Services Division in FY2017
- In SFY 2017, lead agencies administered over 150,000 assessments for long-term services and supports. (This includes MnCHOICES, legacy LTCC and DD screenings, and PCA Assessments)
- 270,651 adults received mental health services through Minnesota Health Care Programs (MHCP) in CY 2017
- 88,000 children and youth receive publically funded mental health services each year
- 5,713 individuals at risk of or experiencing long-term homelessness received supportive services in FY 2017
- All funds administrative spending for the Community Supports Budget Activity for FY 2017 was $41 million. This represented 0.26% of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Community Supports Administration (CSA) within the Department of Human Services oversees service delivery systems for mental health, people with disabilities, alcohol and drug abuse, people who are deaf, deafblind and hard of hearing, and people needing housing supports. This includes prevention, treatment, long-term services and supports, including home and community based services and grant programs.

CSA trains, develops capacity and provides guidance and oversight for community partners including tribes, health plans, counties and community-based providers. Our current work encourages and supports research-informed practices and expanded use of successful models.

CSA goals are to support people to achieve meaningful outcomes, improve our operational excellence, and to manage an equitable and sustainable service delivery system.

## SERVICES PROVIDED

We have four divisions within the Community Supports Administration (CSA):

- Behavioral Health Division (combination of former Alcohol and Drug Abuse and Mental Health Divisions)
- Disability Services Division
- Deaf and Hard of Hearing Services Division
- Housing Supports Division

Collaborating both with partners within state agencies and in local communities, our administration shapes and implements public policy on mental health, substance use disorder treatment and prevention services, home and community based services, services for people who are deaf, deafblind and hard of hearing and housing supports.

Specifically, our staff:

- Lead efforts to shape and implement public policy directed towards prevention, early intervention, and treatment of persons with a mental illness or substance use disorder.

- Administer payment policy and manage grant programs for mental health and substance use disorder services, such as the Consolidated Chemical Dependency Treatment Fund, Minnesota Health Care Programs, Adult Mental Health Grants, Child Mental Health Grants and Substance Use Disorder Treatment Support Grants.
- Manage and administer the four disability home and community-based services waivers, home care services (including Personal Care Assistance), intermediate care facilities for people with developmental disabilities, and various grant programs that support people with disabilities living in the community.
- Administer programs to assure access to services, facilitate community engagement, provide technical assistance on best practices, develop local service capacity, and provide general program oversight and guidance.
- Promote access to core medical and support services to people living with HIV/AIDS by paying premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- Promote equal access to communication and community resources for Minnesotans who are deaf, deafblind and hard of hearing by delivering direct services through statewide regional offices, the Telephone Equipment Distribution (TED) program and the DHHSD mental health program.
- Manage grant programs for services to adults and children who are deafblind, mentors for families with very young children who have hearing loss, Certified Peer Support Specialists and other mental health services for people with hearing loss who use American Sign Language and have mental health challenges, psychological assessments for children and youth with hearing loss, increasing capacity of interpreting services in Greater Minnesota.
- Facilitate many stakeholder groups, including the Governor-appointed Commission of Deaf, DeafBlind and Hard of Hearing, a state agency housed within DHS (http://mn.gov/deaf-commission);
- Provide housing assistance support and related services to people experiencing homelessness or who are in danger of becoming homeless.
- Work to encourage the development of local service capacity, including related professional workforce development activities.
- Train and guide service delivery partners on best practices.
- Provide supervision, guidance, and oversight to service delivery partners including counties, tribes and non-profit providers.
- Partner with stakeholders to improve prevention and early intervention efforts and the service delivery system.
- Secure funding outside of state appropriations and seek such opportunities to leverage goals.

## RESULTS

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | The percent of adults in Assertive Community Treatment (ACT) who receive an annual comprehensive preventative physical exam.[2] | 27.8% | 74.0% | 2013 vs. 2016 |
| Result | Past 30 day use of alcohol by youth in communities receiving prevention funding.[3] | 14.7% | 11.2% | 2013 vs. 2016 |
| Result | Percentage of babies born with negative toxicology reports.[4] | 84% | 58.9% | 2014 vs. 2017 |

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of working age adults on certain Medical Assistance programs earning $600 or more per month.[5] | 12.2% | 15.7% | FY 2014 to FY 2016 |
| Result | Percent of people with disabilities who receive home and community-based services at home.[6] | 53.1% | 58.5% | 2013 to 2017 |
| Result | Percent of long term service and support spending for people with disabilities in home and community-based services rather than institutions. [7] | 88.3% | 90.6% | 2013 to 2017 |
| Quality | Percent of consumers in DHHS grant-funded programs who are satisfied with quality of services they received.[8] | 94% | 94% | 2014 to 2017 |

Performance Measure Notes:

1. With parental consent, counties conduct mental health screenings for children in the child welfare and juvenile justice systems who have not had a recent assessment. The Previous measure is Calendar Year 2012; the Current measure is CY 2015. (Source: Minnesota Department of Human Services Dashboard, http://dashboard.dhs.state.mn.us/)
2. Compares CY 2013 (Previous) and CY 2016 (Current). The measure is based on ACT recipients who are not Medicare eligible and who are enrolled 12 months in MA or Minnesota Care. (Source: Minnesota Department of Human Services Dashboard, http://dashboard.dhs.state.mn.us/)
3. This measure consists of data as reported in the Minnesota Student Survey for 9th grade users. Previous represents calendar year CY 2013 and Current represents CY 2016.
4. The percentage of babies with negative toxicology results during a 12-month period, born to women served by the state Women's Recovery grants. Previous represents FY 2014 and Current represents FY 2017.
5. Measure compares monthly earnings for people age 18-64 who receive services from one of the following Medical Assistance programs: Home and Community-Based Waiver Services, Mental Health Targeted Case Management, Adult Mental Health Rehabilitative Services, Assertive Community Treatment and Medical Assistance for Employed Persons with Disabilities (MA-EPD). Source: DHS Data Warehouse.
6. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse.
7. This measure compares spending of long term service and support for people with disabilities in home and community-based services rather than institutions. Source: DHS Data Warehouse.
8. Data source: Consumer satisfaction surveys and grantee reports.

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M.S. chapter 256 (Human Services) provides authority for many of the agency's general administrative activities. Some of the authority to administer MA is also in that chapter. Additional legal authority to administer MA is in M.S. chapter 256B (Medical Assistance for Needy Persons). For other activities administered under Community Supports, we list legal citations that apply to the program at the end of each budget narrative.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 22,346 | 25,128 | 27,032 | 30,721 | 28,550 | 28,221 | 35,843 | 35,949 |
| 2000 - Restrict Misc Special Revenue | 4,748 | 3,936 | 5,350 | 8,814 | 8,523 | 8,315 | 5,037 | 4,829 |
| 2001 - Other Misc Special Revenue | 2,807 | 3,500 | 3,957 | 5,003 | 4,260 | 4,105 | 4,260 | 4,105 |
| 2365 - Opioid Stewardship | | | | | | | 218 | 350 |
| 2403 - Gift | 2 | 5 | 3 | 23 | 13 | 13 | 13 | 13 |
| 3000 - Federal | 5,707 | 8,297 | 6,222 | 8,827 | 8,300 | 6,952 | 8,300 | 6,952 |
| 4800 - Lottery | 114 | 116 | 82 | 244 | 163 | 163 | 163 | 163 |
| **Total** | **35,724** | **40,982** | **42,645** | **53,632** | **49,809** | **47,769** | **53,834** | **52,361** |
| Biennial Change | | | | 19,571 | | 1,301 | | 9,918 |
| Biennial % Change | | | | 26 | | 1 | | 10 |
| Governor's Change from Base | | | | | | | | 8,617 |
| Governor's % Change from Base | | | | | | | | 9 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 26,126 | 28,208 | 30,682 | 36,578 | 36,366 | 35,870 | 40,296 | 40,744 |
| Operating Expenses | 7,844 | 8,535 | 8,973 | 16,198 | 12,260 | 10,991 | 12,366 | 10,720 |
| Grants, Aids and Subsidies | 1,463 | 3,923 | 2,845 | 779 | 1,111 | 836 | 1,111 | 836 |
| Capital Outlay-Real Property | 1 | | 1 | | | | | |
| Other Financial Transaction | 290 | 316 | 144 | 77 | 72 | 72 | 61 | 61 |
| **Total** | **35,724** | **40,982** | **42,645** | **53,632** | **49,809** | **47,769** | **53,834** | **52,361** |
| ***Full-Time Equivalents*** | **268.92** | **290.25** | **307.44** | **307.44** | **296.95** | **292.86** | **326.29** | **326.20** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 842 | 3,418 | 95 | 3,303 | | | | |
| Direct Appropriation | 7,058 | 7,314 | 29,546 | 29,381 | 28,391 | 28,162 | 35,684 | 35,890 |
| Receipts | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 |
| Transfers In | 20,027 | 18,023 | 2,910 | 2,570 | 100 | | 100 | |
| Transfers Out | 2,342 | 3,567 | 2,276 | 4,592 | | | | |
| Cancellations | | 25 | | | | | | |
| Balance Forward Out | 3,298 | 95 | 3,302 | | | | | |
| **Expenditures** | **22,346** | **25,128** | **27,032** | **30,721** | **28,550** | **28,221** | **35,843** | **35,949** |
| Biennial Change in Expenditures | | | | 10,279 | | (982) | | 14,039 |
| Biennial % Change in Expenditures | | | | 22 | | (2) | | 24 |
| Governor's Change from Base | | | | | | | | 15,021 |
| Governor's % Change from Base | | | | | | | | 26 |
| Full-Time Equivalents | 169.07 | 188.81 | 198.25 | 198.25 | 190.38 | 186.32 | 232.88 | 231.82 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 9,342 | 11,753 | 12,790 | 19,560 | 24,069 | 27,780 | 24,069 | 196 |
| Receipts | 9,554 | 9,495 | 14,712 | 17,875 | 11,880 | 18,720 | 1,181 | 1,181 |
| Transfers In | 1,576 | 1,339 | 1,295 | 2,259 | 5,046 | 4,838 | 3,953 | 3,745 |
| Transfers Out | 4,146 | 6,047 | 3,927 | 6,811 | 4,692 | 4,692 | 23,970 | 115 |
| Balance Forward Out | 11,578 | 12,604 | 19,520 | 24,069 | 27,780 | 38,331 | 196 | 178 |
| **Expenditures** | **4,748** | **3,936** | **5,350** | **8,814** | **8,523** | **8,315** | **5,037** | **4,829** |
| Biennial Change in Expenditures | | | | 5,481 | | 2,674 | | (4,298) |
| Biennial % Change in Expenditures | | | | 63 | | 19 | | (30) |
| Governor's Change from Base | | | | | | | | (6,972) |
| Governor's % Change from Base | | | | | | | | (41) |
| Full-Time Equivalents | 36.44 | 32.40 | 46.79 | 46.79 | 46.79 | 46.79 | 31.63 | 31.63 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 122 | 1,228 | 676 | 503 | 313 | 207 | 313 | 207 |
| Receipts | 1,509 | 1,656 | 1,266 | 2,415 | 2,362 | 2,362 | 2,362 | 2,362 |
| Transfers In | 2,336 | 1,442 | 2,647 | 2,649 | 2,075 | 2,020 | 2,075 | 2,020 |
| Transfers Out | 33 | 202 | 130 | 251 | 283 | 283 | 283 | 283 |
| Balance Forward Out | 1,127 | 625 | 503 | 313 | 207 | 201 | 207 | 201 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **Expenditures** | **2,807** | **3,500** | **3,957** | **5,003** | **4,260** | **4,105** | **4,260** | **4,105** |
| Biennial Change in Expenditures | | | | 2,652 | | (595) | | (595) |
| Biennial % Change in Expenditures | | | | 42 | | (7) | | (7) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 18.64 | 20.74 | 23.44 | 23.44 | 23.44 | 23.44 | 23.44 | 23.44 |

## 2365 - Opioid Stewardship

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Direct Appropriation | | | | | | | 218 | 350 |
| **Expenditures** | | | | | | | **218** | **350** |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 568 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 568 |
| Governor's % Change from Base | | | | | | | | |
| Full-Time Equivalents | | | | | | | 2.00 | 3.00 |

## 2403 - Gift

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 12 | 14 | 12 | 10 | | | | |
| Receipts | 4 | 3 | 1 | 13 | 13 | 13 | 13 | 13 |
| Balance Forward Out | 13 | 12 | 10 | | | | | |
| **Expenditures** | **2** | **5** | **3** | **23** | **13** | **13** | **13** | **13** |
| Biennial Change in Expenditures | | | | 18 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 256 | | 2 | | 2 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 3000 - Federal

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 125 | 18 | 9 | | | | | |
| Receipts | 5,582 | 8,278 | 6,213 | 8,827 | 8,300 | 6,952 | 8,300 | 6,952 |
| Transfers In | 103 | | | | | | | |
| Transfers Out | 103 | 0 | | | | | | |
| Balance Forward Out | 0 | | | | | | | |
| **Expenditures** | **5,707** | **8,297** | **6,222** | **8,827** | **8,300** | **6,952** | **8,300** | **6,952** |
| Biennial Change in Expenditures | | | | 1,046 | | 203 | | 203 |
| Biennial % Change in Expenditures | | | | 7 | | 1 | | 1 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 43.44 | 46.90 | 37.96 | 37.96 | 35.39 | 35.39 | 35.39 | 35.39 |

## 4800 - Lottery

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | | 46 | | 81 | | | | |
| Direct Appropriation | 160 | 163 | 163 | 163 | 163 | 163 | 163 | 163 |
| Cancellations | | 93 | | | | | | |
| Balance Forward Out | 46 | | 81 | | | | | |
| **Expenditures** | **114** | **116** | **82** | **244** | **163** | **163** | **163** | **163** |
| Biennial Change in Expenditures | | | | 96 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 42 | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.33 | 1.40 | 1.00 | 1.00 | 0.95 | 0.92 | 0.95 | 0.92 |

# Program: Central Office Operations
# Activity: Central IT

mn.gov/mnit/about-mnit/offices/

## AT A GLANCE

- Operate and maintain over 385 active applications serving over 2.8 million people across all programs and used by 31,000 county, tribal, and state workers, more than 200,000 providers, other client assistors and DHS and MNsure business partners
- Oversee more than 750 IT employees
- Manage over 175 active IT projects
- Coordinate 4 major DHS IT Transformation programs:
  - Minnesota Eligibility Technology (METS) System
  - Integrated Service Delivery System (ISDS)
  - Medicaid Management Information System (MMIS) Modernization
  - Direct Care & Treatment System Modernization
- Total all funds spending for this budget activity in FY 2017 was $222 million, which represents 1.5 percent of the agency budget.

## PURPOSE & CONTEXT

The Central IT budget activity funds MNIT@DHS to provide IT solutions that support agency business goals, and build and maintain the computer applications that automate the delivery of agency programs. MNIT provides secure and cost-effective information technology systems that support individuals who participate in DHS social services, health care, public assistance and direct care programs across the state. The work of MNIT@DHS helps DHS meet their mission to provide essential services to Minnesota's most vulnerable residents.

Please refer to the Office of MNIT Services Agency Profile for more information about the central MNIT organization.

## SERVICES PROVIDED

**MN.IT@DHS** provides the following services to DHS:

1. Leadership and planning support in the delivery of IT services to DHS at a high-value and cost-effective manner. This includes:
   - Implementation and participation in the DHS IT governance structure which allocates funding and guides IT program design, including the sequence/prioritization of IT work
   - Ensure that user experience design, accessibility and plain language are incorporated into DHS technology solutions
2. Program management activities to develop and operate the DHS IT project and portfolio management. This includes:
   - Business Architecture,
   - Business analysis,
   - Project and portfolio management, and
   - Quality assurance
3. Application development and support to automate and maintain DHS services and operations. This includes:
   - Release Management,

- Enterprise architecture,
- Methodologies to determine technology solutions,
- Programming and coding, and
- Ongoing maintenance to help ensure federal/state/industry compliance for DHS IT systems

4. IT services, including all of the computing, telecommunications and wide area network (WAN) services that underlie and support DHS program applications. This includes:
    - Desktop, server and network support,
    - Operations support,
    - Firewall support & incident management,
    - Contact center support, and
    - Telephony, telepresence support

MNIT@DHS is funded through a combination of state general fund, health care access fund and dedicated federal revenues administered within the state systems account.

## RESULTS

MN.IT contributes to the State's results-based outcome of efficient and accountable government services and supports the State's results-based outcomes for Community, Health, and Safety, by providing IT computing and telecom resources to support DHS business goals, and managing the applications that run agency programs.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | New projects added to the Project Portfolio | 196 projects added in CY 2017 | 70 projects added through July 2018 | Ongoing |
| Quantity | Projects completed | 114 projects completed in CY 2017 | 52 projects completed through July 2018 | Ongoing |

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MS § 256.014 provides the authority for DHS operation of systems necessary to operate its programs and the creation of the state systems account.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 2001 - Other Misc Special Revenue | 209,280 | 232,772 | 268,352 | 256,147 | 182,007 | 147,004 | 182,007 | 147,004 |
| **Total** | **209,280** | **232,772** | **268,352** | **256,147** | **182,007** | **147,004** | **182,007** | **147,004** |
| Biennial Change | | | | 82,446 | | (195,488) | | (195,488) |
| Biennial % Change | | | | 19 | | (37) | | (37) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 27 | 5 | | | | | | |
| Operating Expenses | 207,017 | 224,829 | 259,336 | 256,147 | 181,975 | 146,868 | 181,975 | 146,868 |
| Grants, Aids and Subsidies | 100 | 0 | 0 | | | | | |
| Capital Outlay-Real Property | 16 | 6,933 | 8,498 | | | | | |
| Other Financial Transaction | 2,120 | 1,005 | 517 | | 32 | 136 | 32 | 136 |
| **Total** | **209,280** | **232,772** | **268,352** | **256,147** | **182,007** | **147,004** | **182,007** | **147,004** |
| ***Full-Time Equivalents*** | | **0.01** | | | | | | |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 7,689 | 28,652 | 43,684 | 79,056 | 55,268 | 43,717 | 55,268 | 43,717 |
| Receipts | 169,721 | 173,559 | 212,627 | 226,368 | 162,951 | 129,054 | 162,951 | 129,054 |
| Transfers In | 232,378 | 259,102 | 185,796 | 184,723 | 156,890 | 147,709 | 156,890 | 147,709 |
| Transfers Out | 195,782 | 225,139 | 169,791 | 178,732 | 149,385 | 137,227 | 149,385 | 137,227 |
| Balance Forward Out | 4,726 | 3,401 | 3,966 | 55,268 | 43,717 | 36,249 | 43,717 | 36,249 |
| **Expenditures** | **209,280** | **232,772** | **268,352** | **256,147** | **182,007** | **147,004** | **182,007** | **147,004** |
| Biennial Change in Expenditures | | | | 82,446 | | (195,488) | | (195,488) |
| Biennial % Change in Expenditures | | | | 19 | | (37) | | (37) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | | 0.01 | | | | | | |

# Program: Forecasted Programs
# Activity: Minnesota Family Investment Program (MFIP)/ Diversionary Work Program (DWP)

mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/income/programs-and-services/

## AT A GLANCE

- In 2017, MFIP and DWP provided assistance for approximately 33,450 low-income families a month, 71 percent of those served are children.
- The average monthly cash payment for an MFIP family was $810, including the food portion of MFIP. The average monthly cash payment for a DWP family was $386.
- All funds spending for the MFIP/DWP activity for FY 2017 was $309 million. This represented 1.94 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

MFIP and DWP provide temporary financial support to help meet the basic needs of low-income families with children and low-income pregnant women.

Half the parents receiving MFIP or DWP were employed in the three months before they turned to the program for assistance. Common causes for job losses are layoff, reduced hours, birth of a baby by a parent with no leave time, need to care for an ill child or spouse with a disability, or transportation and child care costs that wages do not cover.

The goal of these related programs is to stabilize families and improve economic outcomes through employment. Without these benefits, families have little or no other resources available to help meet their basic needs.

These programs are funded with a combination of state, federal Supplemental Nutrition Assistance Program (SNAP), and federal Temporary Assistance for Needy Families (TANF) funds. Counties and tribes administer the MFIP and DWP programs.

## SERVICES PROVIDED

MFIP provides job counseling, cash assistance and food assistance to low-income families with children and to low-income pregnant women. Families receive time limited benefits (60 months or fewer). The amount of benefits is based on family size and other sources of income. Families may request an extension of their benefits if, for example, an eligible adult has a disability or needs to care for a family member with a disability. A family of three - a parent with two children - with no other income can receive $532 in financial assistance and $453 in SNAP benefits per month. The benefits are structured to reward families who work and are gradually reduced as income rises. Parents are required to participate in employment services to develop the skills needed to move into the labor market as soon as possible. Families may also be eligible for child care assistance and for health care coverage under Medical Assistance.

DWP is designed to meet specific crisis situations and help families move to employment rather than go on MFIP. The program includes intensive, up-front services to focus on families' strengths and break down barriers to work. Families can participate in the program for four months within a 12-month period. A family receives cash benefits based on its housing, utility costs and personal needs up to a maximum based on the number of people in the family. Housing and utility costs are paid directly to the landlord or utility company. The maximum that a family of three – a parent with two children –can receive is $532 in financial assistance. Most families are also eligible for SNAP benefits, child care assistance and for health care coverage under Medical Assistance.

Families who receive MFIP (with some exemptions) may also be eligible for the MFIP housing assistance grant of $110 per month if they do not receive a rental subsidy through the federal Department of Housing and Urban Development.

## RESULTS

The two key measures in MFIP are:

- The **Self-Support Index** (S-SI) is a results measure. The S-SI gives the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The following chart shows that about two-thirds of participants have left MFIP and/or are working at least 30 hours per week three years after a baseline period.

| ***Year ending in March of:*** | ***S-SI*** |
|---|---|
| 2010 | 67.0% |
| 2011 | 65.2% |
| 2012 | 65.3% |
| 2013 | 66.9% |
| 2014 | 68.5% |
| 2015 | 68.8% |
| 2016 | 68.0% |
| 2017 | 65.9% |
| 2018 | 64.6% |

- The federal **Work Participation Rate** (WPR) is a measure of quantity. The WPR reflects parents engaging in work and specific work-related activities. We calculate an estimated WPR for counties, county consortiums, and tribes monthly and it is annualized to allocate performance bonus funds. (Beginning in calendar year 2016, the bonus will be based solely on the S-SI.) The following chart shows the WPR for 2008 to 2015.

| ***Federal Fiscal Year*** | ***WPR*** |
|---|---|
| 2010 | 40.2% |
| 2011 | 43.9% |
| 2012 | 45.3% |
| 2013 | 45.1% |
| 2014 | 46.2% |
| 2015 | 37.9% |
| 2016 | 39.4% |
| 2017 | 38.9% |

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The state legal authority for the Minnesota Family Investment Program (MFIP) and Diversionary Work Program (DWP) is under M.S. chapter 256J (https://www.revisor.mn.gov/statutes/?id=256J).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 103,453 | 87,543 | 85,181 | 78,890 | 80,180 | 81,069 | 89,448 | 111,069 |
| 2000 - Restrict Misc Special Revenue | 314 | 254 | 197 | 750 | 750 | 750 | 750 | 750 |
| 3000 - Federal | 135,174 | 137,877 | 129,219 | 117,690 | 121,726 | 125,059 | 121,726 | 125,059 |
| 3001 - Federal TANF | 60,572 | 83,571 | 75,669 | 74,620 | 75,607 | 76,851 | 78,705 | 76,851 |
| **Total** | **299,513** | **309,245** | **290,265** | **271,950** | **278,263** | **283,729** | **290,629** | **313,729** |
| Biennial Change | | | | (46,543) | | (223) | | 42,143 |
| Biennial % Change | | | | (8) | | (0) | | 8 |
| Governor's Change from Base | | | | | | | | 42,366 |
| Governor's % Change from Base | | | | | | | | 8 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | | | 167 | | | | | |
| Grants, Aids and Subsidies | 298,918 | 308,650 | 289,513 | 271,150 | 277,463 | 282,929 | 289,829 | 312,929 |
| Other Financial Transaction | 595 | 595 | 585 | 800 | 800 | 800 | 800 | 800 |
| **Total** | **299,513** | **309,245** | **290,265** | **271,950** | **278,263** | **283,729** | **290,629** | **313,729** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 1 | | | | | | |
| Direct Appropriation | 103,453 | 87,542 | 88,930 | 78,890 | 80,180 | 81,069 | 89,448 | 111,069 |
| Cancellations | | | 3,749 | | | | | |
| **Expenditures** | **103,453** | **87,543** | **85,181** | **78,890** | **80,180** | **81,069** | **89,448** | **111,069** |
| Biennial Change in Expenditures | | | | (26,925) | | (2,822) | | 36,446 |
| Biennial % Change in Expenditures | | | | (14) | | (2) | | 22 |
| Governor's Change from Base | | | | | | | | 39,268 |
| Governor's % Change from Base | | | | | | | | 24 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Receipts | 314 | 254 | 197 | 750 | 750 | 750 | 750 | 750 |
| **Expenditures** | **314** | **254** | **197** | **750** | **750** | **750** | **750** | **750** |
| Biennial Change in Expenditures | | | | 378 | | 553 | | 553 |
| Biennial % Change in Expenditures | | | | 67 | | 58 | | 58 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 9,451 | | 21,958 | | | | | |
| Receipts | 125,723 | 137,877 | 107,260 | 117,690 | 121,726 | 125,059 | 121,726 | 125,059 |
| **Expenditures** | **135,174** | **137,877** | **129,219** | **117,690** | **121,726** | **125,059** | **121,726** | **125,059** |
| Biennial Change in Expenditures | | | | (26,142) | | (124) | | (124) |
| Biennial % Change in Expenditures | | | | (10) | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3001 - Federal TANF** | | | | | | | | |
| Receipts | 60,572 | 83,571 | 75,669 | 74,620 | 75,607 | 76,851 | 78,705 | 76,851 |
| **Expenditures** | **60,572** | **83,571** | **75,669** | **74,620** | **75,607** | **76,851** | **78,705** | **76,851** |
| Biennial Change in Expenditures | | | | 6,145 | | 2,169 | | 5,267 |
| Biennial % Change in Expenditures | | | | 4 | | 1 | | 4 |
| Governor's Change from Base | | | | | | | | 3,098 |
| Governor's % Change from Base | | | | | | | | 2 |

# Program: Forecasted Programs
# Activity: MFIP Child Care Assistance

mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/child-care/programs-and-services/child-care-assistance.jsp

## AT A GLANCE

- In 2017 MFIP Child Care Assistance paid for child care for 15,927 children in 7,644 families in an average month.
- The average monthly assistance per family was $1,672.
- All funds spending for the MFIP Child Care Assistance activity for FY 2017 was $161 million. This represented 1 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

In order to work, families need safe and reliable child care. The annual cost of full time licensed care for one child can exceed $10,000. Many low-income families struggle to find affordable child care that fits their needs. Minnesota Family Investment Program (MFIP) Child Care Assistance provides financial subsidies to help low-income families pay for child care. To support quality child care experiences and school readiness the program can pay a higher subsidy rate when a child is being cared for in a setting that meets quality standards.

## SERVICES PROVIDED

The program provides supports to help improve outcomes for the most at risk children and their families by increasing access to high quality child care.

The following families are eligible to receive MFIP child care assistance or Transition Year child care assistance once they leave MFIP:

- MFIP and Divisionary Work Program (DWP) families who are employed, pursuing employment, or participating in employment, training or social services activities authorized in approved employment plans
- Employed families who are in their first year off MFIP or DWP (this is known as the “transition year”)
- Families in counties with a Basic Sliding Fee (BSF) child care waiting list who have had their transition year extended
- Parents under age 21 who are pursuing a high school or general equivalency diploma (GED), do not receive MFIP benefits, and reside in a county that has a BSF waiting list that includes parents under age 21.

As family income increases, so does the amount of child care expenses paid by the family in the form of copayments. All families receiving child care assistance and earning 75 percent or more of the federal poverty guideline make copayments based on family income. A family of three leaving MFIP and earning 115 percent of the federal poverty level ($23,184) would have a total biweekly child care provider payment of $24 for all children in child care.

The MFIP child care assistance activity is part of the state’s Child Care Assistance Program. Maximum rates in the Child Care Assistance Program are set in state law. Maximum rates are set for each type of care: child care centers, family child care and legal non-licensed child care. Providers are paid at the rate they charge private pay families, up to this limit. The program pays a higher rate to providers who have met quality standards through Parent Aware, are accredited, or hold certain educational credentials.

Child care must be provided by a legal child care provider over the age of 18 years. Allowable providers include legal non-licensed family child care, license-exempt centers, licensed family child care and licensed child care centers. Families choose their providers in the private child care market. Counties administer the Child Care Assistance Program.

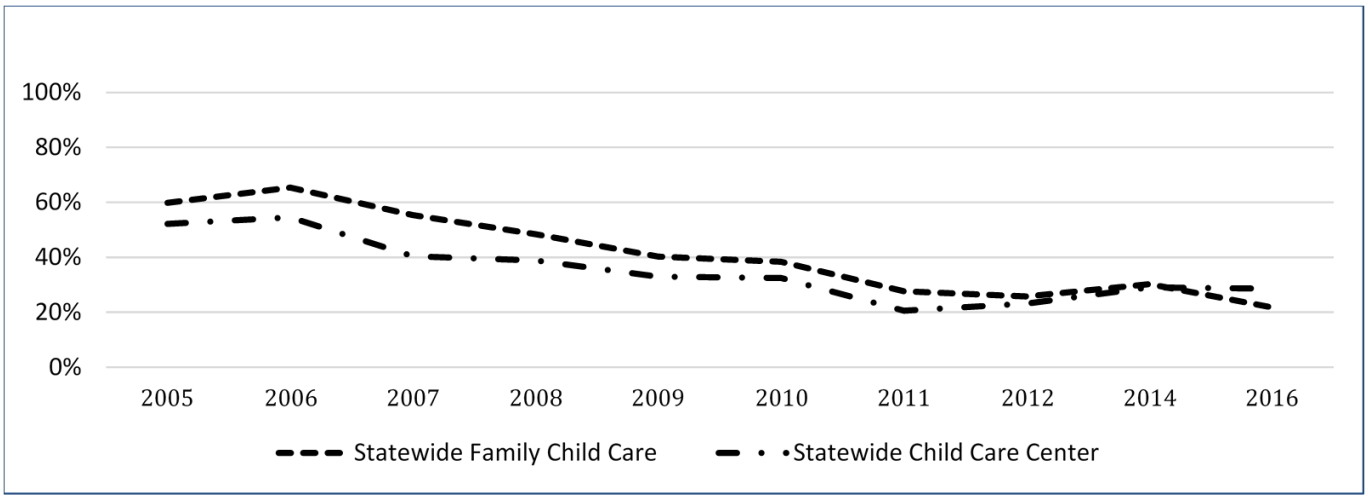
All families who meet eligibility requirements may receive this help. MFIP child care assistance is funded with state and federal funds that include the federal Child Care and Development Fund and the Temporary Assistance for Needy Families (TANF) fund.

## RESULTS

PERCENT OF PROVIDER PRICES FULLY COVERED BY CHILD CARE ASSISTANCE PROGRAM - Maximum rates paid to providers under the Child Care Assistance Program may not cover the full cost of child care. This may be a barrier for some families, if the family cannot find a provider in their community whose prices are covered by the maximum allowed under the program. **The percent of child care provider prices that are fully covered by the Child Care Assistance Program increased when the maximum rates were raised in 2014, but the maximum rate paid remains low compared to prices in the market**.

This quality measure shows approximately 22 percent of all family child care providers and approximately 29% of child care centers charge prices that are fully covered by the Child Care Assistance Program maximum rates.

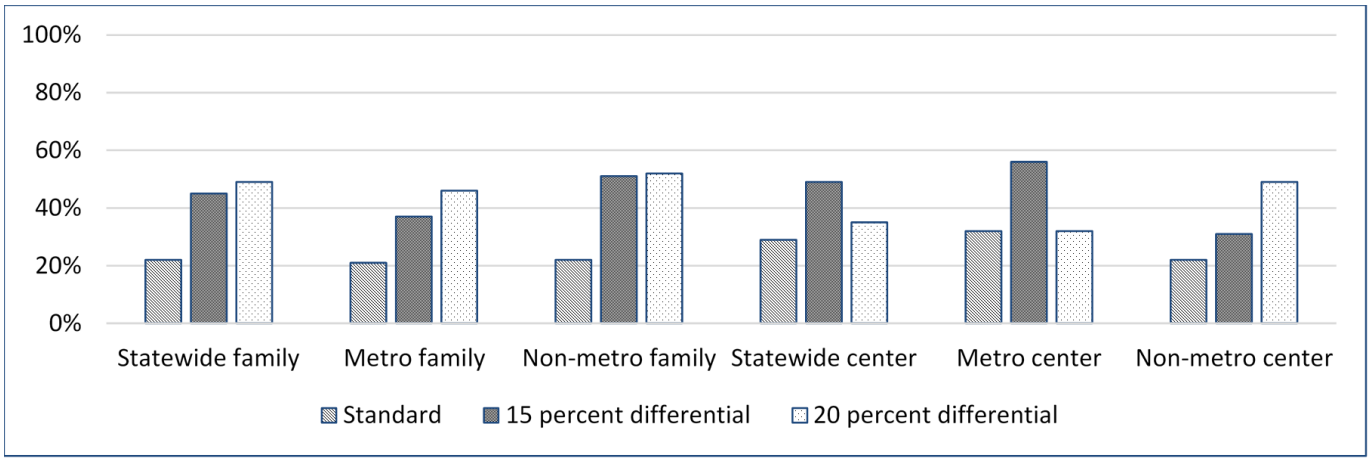
**Provider prices fully covered by Standard Maximum Rates statewide, by percent**




QUALITY DIFFERENTIAL IMPACT - Parent Aware is Minnesota's rating tool for helping parents select high quality child care and early education programs. The Child Care Assistance Program allows up to a 15 percent higher maximum rate to be paid to providers with a Parent Aware 3-star rating, or who hold certain accreditation or education standards established in statute. Up to a 20 percent higher maximum rate can be paid to providers with a 4-star Parent Aware rating.

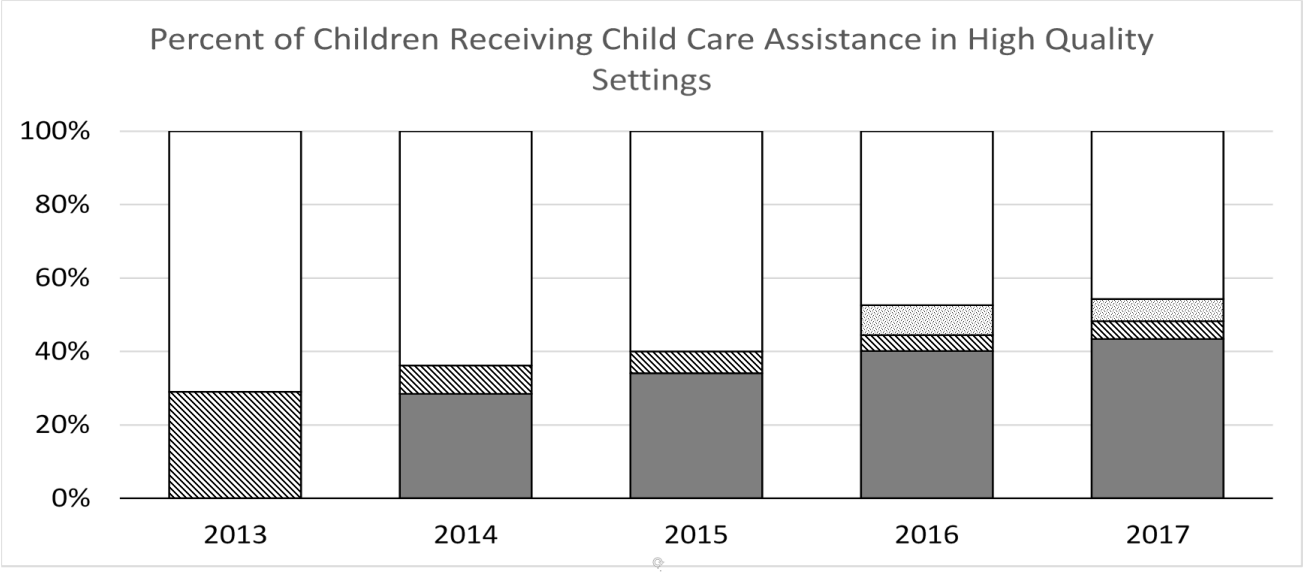
**This quality measure shows that higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers.** This measure indicates the impact of quality differentials by type of care. It is first presented as a statewide total, and then broken out by metro and non-metro counties.

**Prices fully covered by Standard and Quality Differential Maximum Rates – 2016**




Specifically, the 20 percent differential allows the prices charged by center based four-star rated metro providers to be fully covered by the maximum subsidy in the same proportion as the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

Use of High Quality Care - Children who participate in high quality early care and education are more likely to experience school success and positive life-long outcomes. This quality measure shows that the percent of all children receiving child care assistance through providers eligible for the higher subsidy rates for quality has increased from 23 percent in quarter four of 2013 to 48 percent in quarter three of 2017.




| | Child's Provider Credentials | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| | Provider holds Parent Aware 3-4 Star* | NA | 28% | 34% | 40% | 43% |
| | Provider holds Accreditation* | 29% | 8% | 6% | 5% | 5% |
| | Provider holds Parent Aware 1-2 Star | NA | NA | NA | 8% | 6% |
| | Standard Care | 71% | 64% | 60% | 47% | 46% |

* These providers are eligible for CCAP higher rates for quality.

In 2014 a statute change allowed providers to qualify for the higher maximum subsidy rate through receiving a Parent Aware rating of 3-or-4-Stars. Previously only providers holding certain accreditations and family child care providers meeting certain education standards were eligible. In this figure, child care settings were categorized according to the quality standard they meet to be eligible for the CCAP quality differential.

- In 2013 settings meeting quality standards though accreditations/credentials may also have been highly rated by Parent Aware. In 2014-2015 settings that hold both a 3-or-4 Star Parent Aware rating and an accreditation or educational credential, are included in the Parent Aware rated category.

The data source for the prices charged by providers is a biennial survey of provider prices conducted by the Department. To assess the portion of provider prices fully covered, provider prices are compared to the applicable maximum subsidy rates.

The data source for children in care with provider's eligible for the higher rates for quality is from MEC2, Minnesota's child care electronic eligibility and payment system.

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The legal authority for the MFIP/TY Child Care Assistance program is in M.S. chapter 119B (https://www.revisor.mn.gov/statutes/?id=119B)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 78,221 | 94,248 | 93,298 | 95,289 | 106,854 | 112,523 | 107,038 | 124,304 |
| 3000 - Federal | 72,381 | 66,874 | 71,877 | 72,203 | 65,584 | 65,584 | 65,584 | 65,584 |
| **Total** | **150,602** | **161,122** | **165,175** | **167,492** | **172,438** | **178,107** | **172,622** | **189,888** |
| Biennial Change | | | | 20,943 | | 17,878 | | 29,843 |
| Biennial % Change | | | | 7 | | 5 | | 9 |
| Governor's Change from Base | | | | | | | | 11,965 |
| Governor's % Change from Base | | | | | | | | 3 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 1 | 0 | | | | | | |
| Grants, Aids and Subsidies | 150,601 | 161,123 | 165,175 | 167,492 | 172,438 | 178,107 | 172,622 | 189,888 |
| **Total** | **150,602** | **161,122** | **165,175** | **167,492** | **172,438** | **178,107** | **172,622** | **189,888** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 78,221 | 94,248 | 101,293 | 95,289 | 106,854 | 112,523 | 107,038 | 124,304 |
| Cancellations | | | 7,995 | | | | | |
| **Expenditures** | **78,221** | **94,248** | **93,298** | **95,289** | **106,854** | **112,523** | **107,038** | **124,304** |
| Biennial Change in Expenditures | | | | 16,118 | | 30,790 | | 42,755 |
| Biennial % Change in Expenditures | | | | 9 | | 16 | | 23 |
| Governor's Change from Base | | | | | | | | 11,965 |
| Governor's % Change from Base | | | | | | | | 5 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | | | 78 | 5 | | | | |
| Receipts | 72,381 | 66,952 | 71,805 | 72,198 | 65,584 | 65,584 | 65,584 | 65,584 |
| Balance Forward Out | | 78 | 5 | | | | | |
| **Expenditures** | **72,381** | **66,874** | **71,877** | **72,203** | **65,584** | **65,584** | **65,584** | **65,584** |
| Biennial Change in Expenditures | | | | 4,825 | | (12,912) | | (12,912) |
| Biennial % Change in Expenditures | | | | 3 | | (9) | | (9) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: General Assistance

mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/income/programs-and-services/

## AT A GLANCE

- In FY2017, the General Assistance (GA) program supported a monthly average of 23,238 people.
- The typical monthly benefit is $203 for an individual and $260 for a couple.
- All funds spending for General Assistance activity for FY 2017 was $49.6 million, which represented 0.3 percent of the overall agency budget.

## PURPOSE & CONTEXT

General Assistance (GA) is the primary safety net for very low-income people without children who are unable to work and do not have enough money to meet their basic needs. The most common reason people are eligible is illness or incapacity (50 percent). GA helps people meet some of their basic and emergency needs. Without this income support, they would likely fall further into poverty and become homeless.

Many people receive GA while they wait for more stable assistance such as Supplemental Security Income (SSI), a federal income supplement program that helps people who are aged, blind or have a disability and have little or no income. Forty-seven percent of people eligible for GA have signed an Interim Assistance Agreement. That indicates they plan to apply for other income benefits such as SSI or Retirement, Survivors and Disability Income (RSDI).

## SERVICES PROVIDED

General Assistance provides state-funded, monthly cash grants to people without children who have a serious illness, disabilities or other issues that limit their ability to work and are unable to fully support themselves. GA's maximum monthly benefit is $203 for a single adult (about 21 percent of the Federal Poverty Guideline of $990 per month for one person) and $260 for a couple. Additional emergency funds may be available if a recipient cannot pay for basic needs and the person's health or safety is at risk. People eligible for GA may also be eligible for health care coverage under Medical Assistance.

The Department of Human Services (DHS) works with the federal Social Security Administration and the state's Disability Linkage Line® to streamline the disability determination process. DHS also connects recipients with resources to help them with the SSI application process. People who become eligible for SSI are no longer eligible for GA. They become eligible for Minnesota Supplemental Aid to supplement their SSI income.

DHS works with counties and tribes to administer the GA program.

## RESULTS

GA is a safety net program that helps people achieve better outcomes by stabilizing crisis situations, avoiding homelessness and making connections to other resources.

GA recipients who may be eligible for SSI must apply and sign an Interim Assistance Agreement (IAA). If a person on GA is eligible for SSI, having an IAA in place allows the state to collect federal reimbursement for GA benefits paid while the person's application for SSI was pending. An increase in the percent of GA recipients with a signed IAA shows a better opportunity for stable income for recipients and state savings.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Percent of GA recipients with an Interim Assistance Agreement (IAA) signed within the calendar year. | 47.9% | 41.7% | Dec 2016<br>Dec 2017 |

GA is a safety net for people who do not have adequate income or resources to meet their basic needs. It is intended to be short-term while they apply for other benefits, look for employment, or secure other income. It is not intended as a long-term solution to meet a person's basic needs. Data below shows that while around 39 percent of cases are on the program for more than 12 months, only 25 percent of cases remain on the program after two years.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Percent of GA cases with more than 12 months of continuous GA usage | 40.8% | 39.1% | Dec. 2016<br>Dec. 2017 |
| Quantity | Percent of GA cases with more than 24 months of continuous GA usage | 25.4% | 24.7% | Dec. 2016<br>Dec. 2017 |

One of the goals of the GA program is to help people prepare to obtain permanent work and become self-sufficient. Some features of GA act as work incentives. For example, the GA program allows some earned income to be disregarded when a person's GA eligibility and benefits are calculated. A person can work and still remain on GA if his or her earned income is minimal.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Percent of GA cases with earned income | 3.4% | 4.1% | Dec. 2016<br>Dec. 2017 |

The source for these outcomes are from data used for the DHS report, December 2016 General Assistance Caseload: Cases and Eligible People (https://edocs.dhs.state.mn.us/lfserver/Public/DHS-6128I-ENG), and the forthcoming report for December 2017.

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The legal authority for the General Assistance program is M.S. chapter 256D (https://www.revisor.mn.gov/statutes/?id=256D)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 50,444 | 49,556 | 48,883 | 49,293 | 49,985 | 50,620 | 49,959 | 50,586 |
| 2000 - Restrict Misc Special Revenue | | | | 50 | 50 | 50 | 50 | 50 |
| **Total** | **50,444** | **49,556** | **48,883** | **49,343** | **50,035** | **50,670** | **50,009** | **50,636** |
| Biennial Change | | | | (1,774) | | 2,479 | | 2,419 |
| Biennial % Change | | | | (2) | | 3 | | 2 |
| Governor's Change from Base | | | | | | | | (60) |
| Governor's % Change from Base | | | | | | | | (0) |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | | | 0 | | | | | |
| Grants, Aids and Subsidies | 50,444 | 49,556 | 48,883 | 49,343 | 50,035 | 50,670 | 50,009 | 50,636 |
| **Total** | **50,444** | **49,556** | **48,883** | **49,343** | **50,035** | **50,670** | **50,009** | **50,636** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 2,553 | | | | | | |
| Direct Appropriation | 52,997 | 52,550 | 55,536 | 49,293 | 49,985 | 50,620 | 49,959 | 50,586 |
| Transfers In | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 |
| Transfers Out | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 | 6,730 |
| Cancellations | 2,553 | 5,547 | 6,653 | | | | | |
| **Expenditures** | **50,444** | **49,556** | **48,883** | **49,293** | **49,985** | **50,620** | **49,959** | **50,586** |
| Biennial Change in Expenditures | | | | (1,824) | | 2,429 | | 2,369 |
| Biennial % Change in Expenditures | | | | (2) | | 2 | | 2 |
| Governor's Change from Base | | | | | | | | (60) |
| Governor's % Change from Base | | | | | | | | (0) |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Receipts | | | 50 | | 50 | 50 | 50 | 50 |
| **Expenditures** | | | **50** | | **50** | **50** | **50** | **50** |
| Biennial Change in Expenditures | | | 50 | | | 50 | | 50 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: MN Supplemental Assistance

mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/income/programs-and-services/

## AT A GLANCE

- In FY2017, the Minnesota Supplemental Aid program supported a monthly average of 30,576 people.
- The typical benefit is $81 for an individual and $111 for a couple.
- This supplements a typical monthly federal Supplemental Security Income (SSI) benefit of $750 for an individual living alone.
- All funds spending for Minnesota Supplemental Aid activity for FY 2017 was $38.3 million, which represented 0.24 percent of the overall agency budget.

## PURPOSE & CONTEXT

Minnesota Supplemental Aid (MSA) helps to prevent homelessness and poverty by supplementing the incomes of Minnesotans who are eligible for the federal Supplemental Security Income (SSI) program. It was established in 1974 and federal regulations require payments to be at a minimum of that paid in March 1983. MSA benefits are intended to cover basic daily or special needs. Nearly half of MSA recipients are age 60 or older and 78 percent have a disability.

## SERVICES PROVIDED

MSA provides a state-funded monthly cash supplement to help people who are aged, blind or disabled, and who receive SSI benefits. Some recipients who do not receive SSI because their income is too high may still be eligible for MSA if they meet other eligibility criteria.

MSA housing assistance is available to qualified recipients, adding $194 to the MSA benefit to help pay housing costs. To be eligible for housing assistance, applicants must:

- Be under age 65 at the time of application,
- Have total housing costs in excess of 40 percent of their total income,
- Apply for rental assistance if eligible, and
- Be relocating from an institution, or eligible for Medical Assistance personal care attendant services, or receiving waivered services and living in their own place.

MSA may also provide additional payments for other special needs such as special diets and household repairs or furnishings.

The Department of Human Services works with counties, tribes, the Social Security Administration, service providers, and other nonprofit agencies to identify people eligible for the program, and to advise and administer MSA program policy.

## RESULTS

People who receive federal Supplemental Security Income are categorically eligible for MSA, but must apply for MSA in order to receive the benefits. The MSA program has had stable enrollment of around 30,500 individuals over time, but the number of adults who receive SSI and yet do not receive MSA is increasing. This indicates some eligible people are not accessing the benefit. The Department of Human Services is working with the Social Security Administration to inform people about this benefit.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Results | Percent of SSI beneficiaries over age 18 who receive MSA | 38.5% | 38.3% | Dec. 2016<br>Dec. 2017 |

MSA provides additional money to help people who qualify and have high housing costs move into affordable housing or be able to afford their current housing costs.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Percent of MSA recipients who receive MSA housing assistance | 2.8% | 3.2% | Dec. 2016<br>Dec. 2017 |

The MSA and SSI programs support efforts of people who want to work. MSA follows work incentives used by the Social Security Administration to encourage people with disabilities to work.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Percent of MSA recipients with earned income | 5.2% | 5.2% | Dec. 2016<br>Dec. 2017 |

The source for these outcomes are from data used for the DHS report, December 2016 Minnesota Supplemental Aid: Cases and Eligible People, and the forthcoming December 2017 report, along with the Social Security Administration report on SSI Recipients by State and County 2017 (https://www.ssa.gov/policy/docs/statcomps/ssi_sc/2017/index.html).

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The legal authority for the Minnesota Supplemental Aid program is in M.S. chapter 256D: sections 256D.33 (https://www.revisor.mn.gov/statutes/?id=256D.33) to 256D.54 (https://www.revisor.mn.gov/statutes/?id=256D.54).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 37,735 | 38,309 | 39,066 | 41,085 | 42,370 | 46,449 | 42,348 | 46,420 |
| 2000 - Restrict Misc Special Revenue | 0 | 1 | 1 | 5 | 5 | 5 | 5 | 5 |
| **Total** | **37,735** | **38,310** | **39,066** | **41,090** | **42,375** | **46,454** | **42,353** | **46,425** |
| Biennial Change | | | | 4,111 | | 8,673 | | 8,622 |
| Biennial % Change | | | | 5 | | 11 | | 11 |
| Governor's Change from Base | | | | | | | | (51) |
| Governor's % Change from Base | | | | | | | | (0) |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 37,735 | 38,310 | 39,066 | 41,090 | 42,375 | 46,454 | 42,353 | 46,425 |
| **Total** | **37,735** | **38,310** | **39,066** | **41,090** | **42,375** | **46,454** | **42,353** | **46,425** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 320 | | | | | | |
| Direct Appropriation | 38,055 | 38,938 | 40,484 | 41,085 | 42,370 | 46,449 | 42,348 | 46,420 |
| Cancellations | 320 | 949 | 1,418 | | | | | |
| **Expenditures** | **37,735** | **38,309** | **39,066** | **41,085** | **42,370** | **46,449** | **42,348** | **46,420** |
| Biennial Change in Expenditures | | | | 4,106 | | 8,668 | | 8,617 |
| Biennial % Change in Expenditures | | | | 5 | | 11 | | 11 |
| Governor's Change from Base | | | | | | | | (51) |
| Governor's % Change from Base | | | | | | | | (0) |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Receipts | 0 | 1 | 1 | 5 | 5 | 5 | 5 | 5 |
| **Expenditures** | **0** | **1** | **1** | **5** | **5** | **5** | **5** | **5** |
| Biennial Change in Expenditures | | | | 4 | | 4 | | 4 |
| Biennial % Change in Expenditures | | | | 339 | | 78 | | 78 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: Housing Support (formerly known as Group Residential Housing)

mn.gov/dhs/people-we-serve/people-with-disabilities/economic-assistance/housing/programs-and-services/housing-support.jsp

## AT A GLANCE

- In 2017, the Housing Support program served a monthly average of 20,222 participants.
- The current room and board rate limit is $904.
- The average monthly payment per recipient in FY 2017 is $657.12.
- All funds spending for the Housing Support activity for FY 2017 was $159.5 million, which represented 1.0 percent of the overall agency budget.

## PURPOSE & CONTEXT

Housing Support is a state-funded income supplement program that pays for room and board in approved locations for adults with low incomes who have a disability or are 65 years or older. Participants must meet a combination of eligibility requirements set by the federal Supplemental Security Income (SSI) program, state General Assistance program or residential crisis mental health facilities to qualify for help. Housing Support also has income and asset limits.

Seventeen percent of Housing Support recipients are older adults. Those who are younger than 65 years of age all have a combination of factors that limit their self-sufficiency, including a physical or mental health disability, visual impairment or chemical dependency. Program recipients likely would be in institutional placements or homeless without Housing Support.

## SERVICES PROVIDED

The Housing Support room and board rate is currently $904 per month. This rate is paid for residents in approximately 9,000 authorized settings in Minnesota. About 4,700 of those are adult foster care homes. Other settings include board and lodging facilities, supervised living facilities, boarding care homes, supportive housing and other assisted living facilities.

Housing Support providers receive payments on behalf of eligible recipients. The monthly room and board payment is to pay for rent, utilities, food, household supplies and other items needed to provide room and board to a recipient. Recipients are required to pay a portion of their income directly to providers toward the room and board rate. Housing Support can pay for additional supportive services in some settings if a recipient is not eligible for home and community-based waiver services or personal care assistance.

Counties and tribes also manage Housing Support agreements with providers. County human services agencies process eligibility and payments for people in the program.

## RESULTS

An increase in the number of Housing Support recipients who are no longer homeless shows efforts are working to reduce homelessness.

Housing Support recipients who may be eligible for SSI must apply and sign an Interim Assistance Agreement (IAA). If a person receiving Housing Support is eligible for SSI, having an IAA in place allows the state to collect

federal reimbursement for state payments made while the person's application for SSI was pending. An increase in the percent of Housing Support recipients with a signed IAA shows a better opportunity for stable income for recipients and state savings.

An increase in the percent of Housing Support applications processed within 30 days shows people get the help they need more quickly.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Results | Number of Housing Support recipients moving out of homelessness | 2,633 | 2,788 | May 2016, May 2017 |
| Quantity | Percent of Housing Support recipients with signed Interim Assistance Agreement | 17.40% | 16.40% | May 2016, May 2017 |
| Quality | Percent of Housing Support applications processed within 30 days | 62% | 63% | May 2016, May 2017 |

The information in these measures comes from MAXIS administrative data.

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The legal authority for the Group Residential Housing program is M.S. chapter 256I (https://www.revisor.mn.gov/statutes/?id=256I).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 147,461 | 157,370 | 159,027 | 165,807 | 169,698 | 172,955 | 167,645 | 170,218 |
| 2000 - Restrict Misc Special Revenue | 1,999 | 2,087 | 2,330 | 2,175 | 2,175 | 2,175 | 2,175 | 2,175 |
| **Total** | **149,461** | **159,457** | **161,357** | **167,982** | **171,873** | **175,130** | **169,820** | **172,393** |
| Biennial Change | | | | 20,422 | | 17,664 | | 12,874 |
| Biennial % Change | | | | 7 | | 5 | | 4 |
| Governor's Change from Base | | | | | | | | (4,790) |
| Governor's % Change from Base | | | | | | | | (1) |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | | | 2,374 | | | | | |
| Grants, Aids and Subsidies | 149,461 | 159,457 | 158,983 | 167,982 | 171,873 | 175,130 | 169,820 | 172,393 |
| Other Financial Transaction | | | 0 | | | | | |
| **Total** | **149,461** | **159,457** | **161,357** | **167,982** | **171,873** | **175,130** | **169,820** | **172,393** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 191 | | | | | | |
| Direct Appropriation | 147,652 | 158,707 | 169,312 | 165,807 | 169,698 | 172,955 | 167,645 | 170,218 |
| Cancellations | 191 | 1,527 | 10,285 | | | | | |
| **Expenditures** | **147,461** | **157,370** | **159,027** | **165,807** | **169,698** | **172,955** | **167,645** | **170,218** |
| Biennial Change in Expenditures | | | | 20,003 | | 17,819 | | 13,029 |
| Biennial % Change in Expenditures | | | | 7 | | 5 | | 4 |
| Governor's Change from Base | | | | | | | | (4,790) |
| Governor's % Change from Base | | | | | | | | (1) |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | | 0 | | | | | | |
| Receipts | 1,999 | 2,087 | 2,330 | 2,175 | 2,175 | 2,175 | 2,175 | 2,175 |
| **Expenditures** | **1,999** | **2,087** | **2,330** | **2,175** | **2,175** | **2,175** | **2,175** | **2,175** |
| Biennial Change in Expenditures | | | | 419 | | (155) | | (155) |
| Biennial % Change in Expenditures | | | | 10 | | (3) | | (3) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: Northstar Care for Children

mn.gov/dhs/people-we-serve/children-and-families/services/foster-care/
mn.gov/dhs/people-we-serve/children-and-families/services/adoption/

## AT A GLANCE

- 16,593 children experienced an out-of-home placement in 2017
- 1,563 children were either adopted or had a permanent transfer of legal custody to a relative in 2017
- State spending for the North Star Care for Children activity for FY 2017 was $51.8 million

## PURPOSE & CONTEXT

Northstar Care for Children is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Financial support is provided to adoptive and foster parents to encourage permanent placement of children in safe homes. The benefit varies with the child's age, but across the program averages about $12,000 annually per child. Northstar Care for Children consolidates and simplifies administration of three existing programs: Family Foster Care, Kinship Assistance (which replaces Relative Custody Assistance) and Adoption Assistance. Northstar Care for Children will help more children grow up in safe and permanent homes.

## SERVICES PROVIDED

The comprehensive, simplified Northstar Care for Children program:

- Combines three child welfare programs — Family Foster Care, Adoption Assistance and Kinship Assistance — into a single program with uniform processes and unified benefits
    - Northstar Foster Care is for family foster care, in which children might become permanent members of families, not for group housing or residential treatment.
    - Northstar Kinship Assistance replaced the previous Relative Custody Assistance, simplifying ongoing requirements for caregivers and bringing in federal Title IV-E foster care funds.
    - Northstar Adoption Assistance turns more decision-making over to adoptive parents that previously required detailed state review and approval.
- Provides a monthly basic benefit based on children's age
- Uses a uniform assessment for all children to determine any needs beyond the basic payment for one of 15 levels of monthly supplemental difficulty of care payments
- Maintains the highest range of the current foster care benefits for children with the highest need
- Grandfathers children in existing programs under their current programs unless specifically transitioned into Northstar Care for Children (the current programs are slowly phased out as children exit them)
- Reduces barriers to permanency by eliminating disparities in benefits across the existing programs
- Reduces racial disparities among the children who remain in long-term foster care

Funding for Northstar Care for Children comes from state general fund appropriations, federal payments for foster care and adoption assistance, and county or tribal spending on foster care.

## RESULTS

The Department of Human Services (DHS) monitors the performance of counties and tribes in delivering child welfare services, including services provided under Northstar Care for Children. DHS expects to see better outcomes for children under Northstar Care in that a larger portion of children in the system will find permanent homes.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quality | Rate of Relative Care: Of all days that children spent in family foster care settings during the given period, what percentage of days were spent with a relative? | 40.4% | 56.3% | 2014 to 2017 |
| Quality | Placement Stability: Of all children who enter foster care in the year, what is the number of placement moves per 1,000 days spent in foster care? | 4.5 per 1,000 | 3.8 per 1,000 | 2014 to 2017 |
| Quality | **Permanency, 12-23 months**: Of all children in foster care who had been in foster care between 12 and 23 months on the first day of the year, what percent discharged from foster care to permanency within 12 months of the first day of the year? | 50.0% | 51.2% | 2014 to 2017 |
| Quality | **Permanency, 24 months**: Of all children in foster care who had been in foster care for 24 months or more on the first day of the year, what percent discharged to permanency within 12 months of the first day of the year? | 17.4% | 28.8% | 2014 to 2017 |

Performance Measures notes:

Measures from the Research and Evaluation unit of the Child Safety and Permanency Division at the Department of Human Services.

Also see the DHS Child Welfare Dashboard (http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137).

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Northstar Care for Children is established in M.S. section 256N.20 (https://www.revisor.mn.gov/statutes/?id=256N.20).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 42,314 | 51,008 | 65,798 | 77,406 | 86,497 | 94,095 | 86,497 | 94,095 |
| 3000 - Federal | 36,081 | 21,749 | 53,593 | 60,521 | 67,981 | 75,606 | 67,981 | 75,606 |
| **Total** | **78,394** | **72,757** | **119,392** | **137,927** | **154,478** | **169,701** | **154,478** | **169,701** |
| Biennial Change | | | | 106,167 | | 66,860 | | 66,860 |
| Biennial % Change | | | | 70 | | 26 | | 26 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 78,340 | 72,743 | 119,392 | 135,927 | 152,478 | 167,701 | 152,478 | 167,701 |
| Other Financial Transaction | 54 | 15 | | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| **Total** | **78,394** | **72,757** | **119,392** | **137,927** | **154,478** | **169,701** | **154,478** | **169,701** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 1,014 | | | | | | |
| Direct Appropriation | 43,327 | 53,446 | 80,542 | 77,406 | 86,497 | 94,095 | 86,497 | 94,095 |
| Cancellations | 1,013 | 3,452 | 14,744 | | | | | |
| **Expenditures** | **42,314** | **51,008** | **65,798** | **77,406** | **86,497** | **94,095** | **86,497** | **94,095** |
| Biennial Change in Expenditures | | | | 49,883 | | 37,388 | | 37,388 |
| Biennial % Change in Expenditures | | | | 53 | | 26 | | 26 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | | | 87 | | | | | |
| Receipts | 36,081 | 21,759 | 53,506 | 60,521 | 67,981 | 75,606 | 67,981 | 75,606 |
| Balance Forward Out | | 10 | | | | | | |
| **Expenditures** | **36,081** | **21,749** | **53,593** | **60,521** | **67,981** | **75,606** | **67,981** | **75,606** |
| Biennial Change in Expenditures | | | | 56,285 | | 29,473 | | 29,473 |
| Biennial % Change in Expenditures | | | | 97 | | 26 | | 26 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/minnesotacare.jsp

## AT A GLANCE

- In FY 2017, MinnesotaCare had an average monthly enrollment of 89,081.
- MinnesotaCare expenditures reached $397 million in FY 2017. This represented 2.7 percent of the Department of Human Services overall budget.
- The Minnesota state share of total MinnesotaCare program expenditures in FY2017 was $11.6 million.

## PURPOSE & CONTEXT

The MinnesotaCare Program was established in 1992 to provide affordable health coverage for people with incomes too high for Medicaid but unable to afford other health insurance. It provided a subsidized program for children and parents and later expanded to include adults.

Passage of the Affordable Care Act (ACA) in 2010, and subsequent state legislation, made many MinnesotaCare enrollees eligible for Medical Assistance (MA). Under the authority of the ACA, Minnesota established MinnesotaCare as a Basic Health Plan to provide health coverage for people with incomes between 138 percent and 200 percent of federal poverty guidelines. As a Basic Health Plan, Minnesota receives federal funds equal to 95 percent of the advanced premium tax credits that would otherwise be available to eligible people enrolled in commercial health care coverage through MNsure. In fiscal year 2017, federal Basic Health Plan funding covered 88 percent of MinnesotaCare's costs.

Today, MinnesotaCare provides comprehensive health care coverage for more than 89,000 Minnesotans who pay no more than $80 a month in premiums. The program also includes additional benefits not necessarily available or as affordable on MNsure, including dental, vision and a broad array of behavioral health benefits.

## SERVICES PROVIDED

MinnesotaCare covers a broad range of health care services including:

- primary and preventive care,
- inpatient and outpatient hospital care,
- coverage for prescription drugs,
- chemical dependency treatment,
- mental health services, and
- oral health services.

People seeking coverage under MinnesotaCare can apply directly through the MNsure web site or by submitting a paper application to MNsure, to DHS, or to their county human services or tribal office. Applicants are not eligible if they have access to affordable health insurance coverage through an employer. There are no health condition barriers for eligibility, but applicants must meet income guidelines and pay a premium (if applicable) to receive coverage[1]. Premiums are based on income and are charged for each enrollee, up to a maximum of $80 per month.

[1] Income eligibility guidelines (https://edocs.dhs.state.mn.us/lfserver/Public/DHS-3182-ENG) and estimated premium amounts (https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4139A-ENG) by income are available on the DHS web site.

## RESULTS

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of Minnesotans without health insurance[1] | 4.3% | 6.3% | 2015 to 2017 |
| Result | Percent of Low Income Minnesotans without Health Insurance[2] | 8.5% | 11.3% | 2015 to 2017 |
| Quantity | Number of MA and MinnesotaCare program enrollees served by an IHP[3] | 350,000 | 460,000 | 2015 to 2017 |
| Quality | Estimated reduction in health care expenditures (below projections) for providers in Integrated Health Partnership demonstration project[4] | $48.3 million | $60.6 Million | 2016 to 2017 |

Performance Measure Notes:

1. Measure is the percent of Minnesotans that do not have health insurance. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2015 (Previous) and 2017 (Current)
2. Measure is the percentage of uninsured Minnesotans with family income below 200% of poverty. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2015 (Previous) and 2017 (Current)
3. Measure is the number of enrollees served by an IHP provider. Compares 2015 (Previous) and 2017 (Current).
4. Measure is an estimated reduction in annual medical costs below projections for 2016 and 2017 for the providers enrolled in the IHP demonstration. IHP provider contracts require this measure be calculated in the same manner each year. These reductions do not represent lower state spending.

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Minnesota Statutes, chapter 256L provides the legal authority to operate the MinnesotaCare program. Many of the covered services, provider rates, and other elements of the MinnesotaCare program overlap with the Medical Assistance program and are detailed in the Medical Assistance statute. The statutory authority for Medical Assistance is located in M.S. chapter 256B.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 2360 - Health Care Access | 144,902 | 47,641 | 45,379 | 58,435 | 62,165 | 66,285 | 62,158 | 69,413 |
| 3000 - Federal | 334,558 | 349,523 | 369,224 | 400,835 | 444,224 | 470,882 | 444,224 | 470,882 |
| **Total** | **479,460** | **397,164** | **414,602** | **459,270** | **506,389** | **537,167** | **506,382** | **540,295** |
| Biennial Change | | | | (2,752) | | 169,684 | | 172,805 |
| Biennial % Change | | | | (0) | | 19 | | 20 |
| Governor's Change from Base | | | | | | | | 3,121 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 0 | | | | | | | |
| Grants, Aids and Subsidies | 479,460 | 397,164 | 414,602 | 459,270 | 506,389 | 537,167 | 506,382 | 540,295 |
| **Total** | **479,460** | **397,164** | **414,602** | **459,270** | **506,389** | **537,167** | **506,382** | **540,295** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 171 | 200 | 20 | 2 | | | | |
| Receipts | (151) | (196) | (18) | (2) | | | | |
| Balance Forward Out | 20 | 3 | 2 | | | | | |
| **2360 - Health Care Access** | | | | | | | | |
| Balance Forward In | 68 | 18,537 | 12 | 200 | | | | |
| Direct Appropriation | 133,293 | 11,204 | 12,363 | 21,628 | 25,107 | 28,146 | 25,100 | 31,274 |
| Receipts | 29,994 | 36,055 | 36,577 | 36,807 | 37,058 | 38,139 | 37,058 | 38,139 |
| Transfers In | 180,659 | 36,140 | 12,000 | | | | | |
| Transfers Out | 180,659 | 36,140 | 12,000 | | | | | |
| Cancellations | 18,450 | 18,152 | 3,374 | | | | | |
| Balance Forward Out | 3 | 2 | 200 | 200 | 200 | 200 | 200 | 200 |
| **Expenditures** | **144,902** | **47,641** | **45,379** | **58,435** | **62,165** | **66,285** | **62,158** | **69,413** |
| Biennial Change in Expenditures | | | | (88,729) | | 24,636 | | 27,757 |
| Biennial % Change in Expenditures | | | | (46) | | 24 | | 27 |
| Governor's Change from Base | | | | | | | | 3,121 |
| Governor's % Change from Base | | | | | | | | 2 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 26,167 | 624 | 146,032 | 236,737 | 237,120 | 47,456 | 237,120 | 47,456 |
| Receipts | 308,855 | 494,926 | 464,804 | 401,218 | 254,560 | 447,060 | 254,560 | 447,060 |
| Balance Forward Out | 464 | 146,027 | 241,612 | 237,120 | 47,456 | 23,634 | 47,456 | 23,634 |
| **Expenditures** | **334,558** | **349,523** | **369,224** | **400,835** | **444,224** | **470,882** | **444,224** | **470,882** |
| Biennial Change in Expenditures | | | | 85,977 | | 145,047 | | 145,047 |
| Biennial % Change in Expenditures | | | | 13 | | 19 | | 19 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: Medical Assistance

mn.gov/dhs/people-we-serve/adults/health-care/health-care-programs/programs-and-services/medical-assistance.jsp

## AT A GLANCE

- In FY 2017, MA served a monthly average of 1,082,654 people. This is 19.4 percent of the state's population.
- In FY 2017, MA provided coverage for:
  - 28,096 births in (about 4 in 10 of all live births in Minnesota)
  - 217,061 people receiving mental health services
  - 433,682 people receiving dental services
- In FY 2017, the families with children group made up 65 percent of total MA enrollment, but only 23 percent of total program expenditures.
- In FY 2017, coverage for the elderly and disabled made up 16 percent of total enrollment, but 61 percent of total basic care expenditures.
- MA is funded with state general funds, the health care access fund, federal Medicaid funds, and with local shares for a few particular services.
- All funds spending for the Medical Assistance activity for FY 2017 was just over $11 billion. This represented over 69 percent of the Department of Human Services overall budget.
- The Minnesota state share of total MA expenditures in FY 2017 was about $4.6 billion.

## PURPOSE & CONTEXT

Medical Assistance (MA) is Minnesota's Medicaid program. MA is Minnesota's largest public health care program and serves children and families, pregnant women, adults without children, seniors and people who are blind or have a disability. It covers one out of every five Minnesotans. As the third largest insurer in the state after self-insured employer-based coverage and Medicare, it makes up nearly 16 percent of the state's health insurance market.

MA provides basic health care, home-and community-based services and long-term care services. Most people who have MA get health care through health plans. You can choose a health plan from those serving MA members in your county. Members who do not get health care through a health plan get care on a fee-for-service basis, with providers billing the state directly for services they provide.

On July 30, 1965, President Lyndon B. Johnson signed into law legislation that led to the establishment of Medicare and Medicaid. Medicaid serves 24 percent of the nation's population. Medicaid contributes significantly to the financing of the U.S. health care system, supporting local public health infrastructure, hospitals, mental health centers, at-home care, community clinics, nursing homes, physicians and many other health professions. Medicaid — not Medicare — is the primary source of coverage for people who need long-term care services, such as nursing home services. In 1966, Minnesota implemented Medical Assistance (MA).

Currently, the federal government shares financial responsibility for the Medicaid program by matching state costs with federal dollars. While certain federal requirements outline who and what must be covered in each program, states generally have flexibility to tailor and expand their Medicaid program to meet the needs of their population and state budgets.

The Minnesota Department of Human Services (DHS) is the state Medicaid agency and partners with all 87 Minnesota counties and several Minnesota Indian Tribes to administer MA. DHS contracts with both health plans and health care providers across the state to deliver basic health care to MA enrollees.

Minnesotans may enroll in MA if they meet certain eligibility requirements under the following categories: (a) parents and children; (b) age 65 or older, blind or have disabilities; (c) adults without dependent children

An individual's eligibility is determined by factors such as household income, family size, age, disability status, and citizenship or immigration status. These criteria are set by federal and state law and vary by category. Enrollees must demonstrate their program eligibility at least once a year. All individuals who meet federal eligibility requirements are guaranteed coverage. States can expand upon the minimum federal requirements, add optional or special populations to their programs or increase the income eligibility limits. Individuals eligible for Medicaid are guaranteed a basic set of benefits covering specific services and settings.

Minnesota is known for its comprehensive approach to providing Medicaid coverage. Minnesota covers a broad group of people and services beyond the minimum standards set in federal law. This includes expanding coverage to higher-income children and adults and covering long-term care in the home and community instead of an institutional setting. Minnesota also covers many special populations in need of services who would otherwise be ineligible for Medicaid because of their income level, including children with disabilities whose parents are given the option to access Medicaid by paying a parental fee, women who have been diagnosed with breast or cervical cancer through the state's cancer screening program, and families in need of family planning services.

MA provides coverage for preventive and primary health care services for low-income Minnesotans. MA differs from the state's other health care program, MinnesotaCare, in that it has lower income eligibility guidelines, does not have premiums, and pays for previously incurred medical bills up to three months prior to the month of application. Additionally, MA can pay for nursing facility care and intermediate care facilities for people with developmental disabilities. It can also cover long term care services and supports for people with disabilities and older adults so that they can continue living in the community.

Home and community-based services (HCBS) waivers were established under section 1915(c) 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 HCBS to people who may otherwise be institutionalized. Minnesota began serving people under the HCBS waiver in 1984, and these services have facilitated Minnesota's shift away from institutional care.

Minnesota's MA program has expanded since the mid-1980's. The expansions have focused 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 time, a moratorium was placed on nursing facilities and intermediate care facilities for people with developmental disabilities as efforts to develop home and community-based alternatives gained momentum.

The most significant recent changes to the Minnesota MA program followed legislative action during the 2013 session and applied to people without an aged, blind, or disabled basis of eligibility. These changes included an elimination of asset tests and an increase to the income eligibility limits for adults without children, parents and relative caretakers, children, and pregnant women. Under the higher income standards, people formerly eligible for MinnesotaCare including pregnant women and children with income up to 275 percent of poverty and adults below 133 percent of poverty became eligible for MA, resulting in over 110,000 former MinnesotaCare recipients transitioning to coverage under MA in January of 2014.

## SERVICES PROVIDED

MA enrollees fall under one of five general categories, and receive either long term care services and supports, basic health care, or both long term care and basic care. The five categories include the following:

**MA Coverage of Long-Term Services and Supports (LTSS)**

Thirty years ago, people who needed help with daily living tasks, such as bathing, dressing, eating and preparing meals, and going to the bathroom, were faced with the choice of when, not if, they would move from their home into an institution or similar setting. Today, older Minnesotans and people with disabilities have many options and services available. This approach provides a higher quality of life for people as they have access to the right service at the right time, and it leads to more cost-effective services over time.

LTSS are a spectrum of health and social services that support Minnesotans who need help with daily living tasks. The services generally consist of ongoing care or supports that a person needs to manage a chronic health condition or disability. The services can be provided in institutional settings, such as hospitals and nursing homes, or in people's homes and other community settings. Federal law requires all state Medicaid programs to cover these services when provided in an institutional setting or nursing facility.

*MA Coverage of Long-Term Care Facilities*

A nursing home provides 24-hour care and supervision in a residential facility setting. Nursing homes provide an all-inclusive package of services that covers: nursing care, help with activities of daily living and other care needs, housing, meals and medication administration. Alternatively, an intermediate care facility for persons with developmental disabilities (ICF/DD) provides 24-hour care, active treatment, training and supervision to people with developmental disabilities. Additionally, day training and habilitation (DT&H) services help people living in an ICF/DD develop and maintain life skills, and take part in the community. DT&H services include supervision, training and assistance in self-care, communication, socialization, behavior management, and supported employment and work-related activities, among others.

MA pays for long-term care services for people who reside in facilities. In FY 2017, an average of 16,000 people per month received facility based long-term care services. Total spending on this group was nearly $1.1 billion, $563 million of which came from state funds. Care provided under this segment of MA includes 24-hour care and supervision in nursing facilities or intermediate care facilities for persons with developmental disabilities (ICF/DD). It also includes day training and habilitation (DT&H) services for people who live in an ICF/DD.

To receive MA long-term care services a person must have income and assets that are below allowable limits and have an assessed need for the services. DHS works with community providers, counties and tribes, and the Department of Health in administering and monitoring services in these long-term care settings. More information is available at https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5961-ENG.

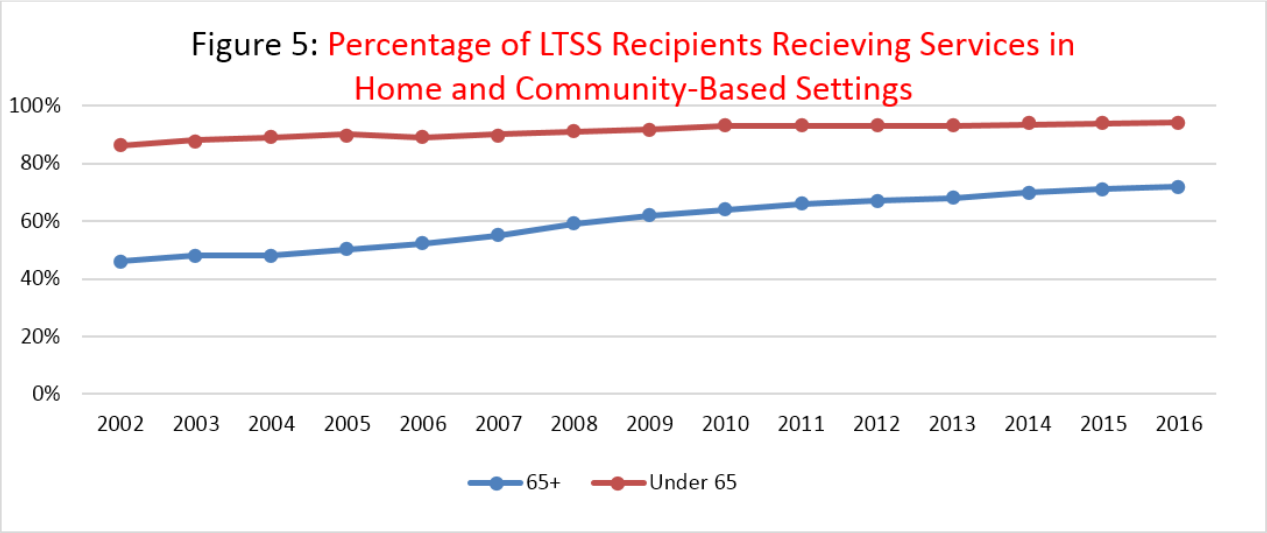
*MA Coverage of Care Through Home and Community-Based Services*

Home and community-based services are long-term services and supports delivered in homes or communities and not institutional settings. Congress established home and community-based services waivers in 1983 in section 1915(c) of the Social Security Act, giving states the option to seek a waiver of Medicaid rules governing institutional care to allow them to expand Medicaid services to home and community settings.

Minnesota has a long history of working to help all people live with dignity and independence. For more than 35 years, Minnesota has expanded long-term services and supports coverage to individuals receiving services in their homes and communities, which is often more effective and desirable than an institutional setting. In order to ensure that people with disabilities and older adults enjoy the same quality of life as other Minnesotans, the services and supports that they depend on must be available in the homes and communities where they choose to live.

By 1995, Minnesota had shifted from predominantly institution-based care to predominantly home- and community-based care. These services became a Medicaid state plan option in Minnesota in 2005. Home and community-based services are generally more cost effective and preferred by the people who rely on services.

The chart below shows that more enrollees receiving LTSS choose home and community-based services in Minnesota each year.




Minnesota has received federal approval to use Medicaid dollars to pay for these services through its home and community-based services waiver programs. These programs allow Medicaid to pay for services for people in their homes and communities if the services would otherwise be eligible for coverage in nursing facilities or hospitals.

DHS administers waiver programs in collaboration with county and tribal social services and public health programs. The vast majority of Minnesota's Medicaid spending on long-term care services and supports goes to enrollees in home- and community-based waiver programs. For example, more than 90 percent of Medicaid long-term care spending for people with disabilities in Minnesota goes toward services provided in the community.

In FY 2017, an average of about 61,000 people received home care and waivered services per month. Total spending on waiver and home care services was just over $3 billion FY2017, and roughly half of this was from state funds.

Minnesota operates five home and community-based waivers:

- **Brain Injury (BI):** Allows Medicaid to cover services for people with a brain injury who need the level of care provided in a nursing facility or neurobehavioral hospital and choose to receive such care in home and community-based service settings.
- **Community Alternative Care (CAC):** Allows Medicaid to cover services for people who are in need of the level of care provided at a hospital and choose to receive such care in home or community-based service settings.
- **Community Access for Disability Inclusion (CADI):** Allows Medicaid to cover services for people who need the level of care provided in nursing facilities and choose to receive such care in home and community-based service settings.
- **Developmental Disabilities (DD):** Allows Medicaid to cover services for people with developmental disabilities who need the level of care provided at an intermediate care facility for people with developmental disabilities and choose to receive such care in home and community-based service settings.
- **Elderly Waiver (EW):** Allows Medicaid to cover services for those age 65 and older who need the level of care provided in a nursing facility and choose to receive such care in home and community-based service settings.

These waivers can offer:

- in-home and residential supports
- medical and behavioral supports
- customized day services
- employment supports
- Consumer-Directed Community Supports (a self-directed option)
- caregiver supports
- transitional services to support people to move out of institutions or other congregate settings
- transportation
- home modifications and assistive technology
- case management
- other goods and services

**Medical Assistance Basic Health Care**

MA also provided comprehensive coverage outside of long-term care to over one million Minnesotans in FY 2017. Total spending for basic health care services reached about $6.9 billion in FY 2017, with $2.5 billion coming from state funds. The enhanced federal share available with the MA expansion in 2014 reduced the overall share of basic care expenditures to just over 36 percent in FY 2017, a decrease from about 50 percent in FY 2013.

Basic health care services covered in the MA benefit include:

- primary and preventive care
- inpatient hospital benefits
- mental health and chemical dependency treatment
- medical transportation
- medical equipment
- prescription drugs
- dental care
- coverage for eyeglasses and eye care

*MA Coverage of Basic Health Care for Elderly and Disabled*

People receiving these services are low-income elderly (65 years or older) and people who are blind or have a disability. Their income and assets must be below allowable limits. As MA enrollees they receive health care coverage or financial assistance to help them pay for their Medicare premiums and cost sharing/copayments. This latter approach is often less expensive for the state than if the state provided their health coverage under MA alone.

This segment of the MA program also includes the Medical Assistance for Employed Persons with Disabilities (MA-EPD) program. MA-EPD working individuals with disabilities to receive the full MA benefit set. This program encourages people with disabilities to work and enjoy the benefits of being employed. It allows working people with disabilities to qualify for MA without an income limit and under higher asset limits than standard MA. More information on MA-EPD is available in the Medical Assistance for Employed Persons with Disabilities brochure (http://edocs.dhs.state.mn.us/lfserver/public/DHS-2087L-ENG).

In FY2017, this segment of MA funds supported an average of 177,262 people per month, many of whom are also enrolled in Medicare and so are “dual eligible beneficiaries.” Total spending on this group was over $2.5 billion in FY2015, about half of which came from state funds.

*MA Coverage of Basic Health Care for Families with Children*

Enrollees in this eligibility category include low income pregnant women, children, parents and caretaker relatives. This segment of the MA program also includes funding for the Minnesota Family Planning Program (MFPP) and the MA Breast and Cervical Cancer Treatment program (MABC). MFPP provides coverage of family planning and related health care services for people not currently enrolled in MA or MinnesotaCare. MABC covers treatment costs for breast cancer, cervical cancer or a precancerous cervical condition for women without health insurance. In FY 2017, this segment of MA funds supported an average of 705,441 people per month. Total spending on this group was nearly $2.6 billion, about half of which came from state funds.

*MA Coverage of Basic Health Care for Adults without Children*
In FY 2017, MA covered an average of 199,951 adults without dependent children people per month. Total spending on this group was about $1.8 billion, with about $40 million coming from state funds.

A full list of Medical Assistance populations, income and asset limits is in a Minnesota Health Care Programs brochure (https://edocs.dhs.state.mn.us/lfserver/Public/DHS-3182-ENG).

Today, Minnesota's Medicaid program is a cornerstone of our state's system of health and long-term care coverage, with more than one million people covered in 2017, including children, parents, people with disabilities and seniors.

**RESULTS**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quality | Percent of older adults served by home and community-based services[1] | 68.4% | 72.9% | FY2013 to FY2017 |
| Quality | Percent of people with disabilities served by home and community-based services[2] | 93.5% | 94.6% | FY2013 to FY2017 |
| Result | Percent of Minnesotans without health insurance[3] | 4.3% | 6.3% | 2015 to 2017 |
| Result | Percent of Low Income Minnesotans without Health Insurance[4] | 8.5% | 11.3% | 2015 to 2017 |
| Quantity | Number of MA and MinnesotaCare program enrollees served by an IHP[5] | 350,000 | 460,000 | 2015 to 2017 |
| Quality | Estimated reduction in health care expenditures (below projections) for providers in Integrated Health Partnership demonstration project[6] | $48.3 million | $60.7 Million | 2016 to 2017 |

Performance Measure Notes:

1. This measure reflects the percentage of older adults receiving publicly-funded long-term care services who receive HCBS services through the Elderly Waiver or Alternative Care program instead of services in nursing homes. Measure compares FY 2013 and FY 2017 data. (Source: DHS Data Warehouse)
2. This is the percent of people with disabilities receiving publicly-funded long-term care services who receive HCBS services through disability waiver or home care programs instead of services in nursing homes or Intermediate Care Facilities. Measure compares FY 2013 and FY 2017 data. (Source: DHS Data Warehouse)
3. Measure is the percent of Minnesotans that do not have health insurance. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2013 (Previous) and 2015 (Current)
4. Measure is the percentage of uninsured Minnesotans with family income below 200% of poverty. Source: Minnesota Health Access Survey, Minnesota Department of Health. Compares 2013 (Previous) and 2015 (Current)
5. Measure is the number of enrollees served by an IHP provider. Compares 2015 (Previous) and 2017 (Current).
6. Measure is an estimated reduction in annual medical costs below projections for 2016 and 2017 for the providers enrolled in the IHP demonstration. IHP provider contracts require this measure be calculated in the same manner each year. The lower health care spending does not result in savings to the state of the same amount. This number includes savings to providers, health plans, the federal government, and the

state. Integrated Health Partnerships (IHPs) allow participating providers to enter into an arrangement with DHS to care for enrollees under a payment model that holds the participants accountable for the costs and quality of care their Medicaid patients receive. The goal of the program is to improve the quality and value of care provided to Medicaid and MinnesotaCare enrollees while lowering the cost through innovative approaches to care and payment.

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Minnesota Statutes, chapter 256B provides the legal authority for the Medical Assistance program. An example of legislative directives to improve and innovate in Medical Assistance is M.S. section 256B.021 (Medical Assistance Reform Waiver).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 4,134,042 | 4,347,632 | 4,973,905 | 4,918,699 | 5,604,300 | 5,656,788 | 5,618,559 | 5,700,519 |
| 2000 - Restrict Misc Special Revenue | 133,737 | 67,152 | 89,028 | 60,568 | 59,010 | 57,695 | 59,010 | 57,695 |
| 2360 - Health Care Access | 588,188 | 240,720 | 385,159 | 439,012 | 438,848 | 438,848 | 452,462 | 469,849 |
| 3000 - Federal | 6,524,854 | 6,380,543 | 7,226,322 | 7,033,815 | 7,875,817 | 7,728,006 | 7,875,817 | 7,728,006 |
| **Total** | **11,380,821** | **11,036,047** | **12,674,414** | **12,452,094** | **13,977,975** | **13,881,337** | **14,005,848** | **13,956,069** |
| Biennial Change | | | | 2,709,640 | | 2,732,804 | | 2,835,409 |
| Biennial % Change | | | | 12 | | 11 | | 11 |
| Governor's Change from Base | | | | | | | | 102,605 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 207,404 | 218,403 | 235,510 | | | | | |
| Grants, Aids and Subsidies | 11,173,032 | 10,817,249 | 12,438,479 | 12,451,794 | 13,977,675 | 13,881,037 | 14,005,548 | 13,955,769 |
| Other Financial Transaction | 384 | 395 | 425 | 300 | 300 | 300 | 300 | 300 |
| **Total** | **11,380,821** | **11,036,047** | **12,674,414** | **12,452,094** | **13,977,975** | **13,881,337** | **14,005,848** | **13,956,069** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 44,391 | | 2,297 | | | | |
| Direct Appropriation | 4,173,316 | 4,545,885 | 5,174,139 | 4,950,112 | 5,636,966 | 5,672,838 | 5,651,225 | 5,716,569 |
| Transfers In | 32,774 | 31,730 | 40,052 | 13,592 | 1,052 | 1,228 | 1,052 | 1,228 |
| Transfers Out | 27,657 | 28,096 | 41,509 | 47,302 | 33,718 | 17,278 | 33,718 | 17,278 |
| Cancellations | 44,391 | 246,278 | 196,480 | | | | | |
| Balance Forward Out | | | 2,297 | | | | | |
| **Expenditures** | **4,134,042** | **4,347,632** | **4,973,905** | **4,918,699** | **5,604,300** | **5,656,788** | **5,618,559** | **5,700,519** |
| Biennial Change in Expenditures | | | | 1,410,930 | | 1,368,484 | | 1,426,474 |
| Biennial % Change in Expenditures | | | | 17 | | 14 | | 14 |
| Governor's Change from Base | | | | | | | | 57,990 |
| Governor's % Change from Base | | | | | | | | 1 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 426 | 3,759 | 1,055 | 569 | | | | |
| Receipts | 140,252 | 63,648 | 88,541 | 59,999 | 59,010 | 57,695 | 59,010 | 57,695 |
| Balance Forward Out | 6,941 | 256 | 569 | | | | | |
| **Expenditures** | **133,737** | **67,152** | **89,028** | **60,568** | **59,010** | **57,695** | **59,010** | **57,695** |
| Biennial Change in Expenditures | | | | (51,293) | | (32,891) | | (32,891) |
| Biennial % Change in Expenditures | | | | (26) | | (22) | | (22) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2360 - Health Care Access** | | | | | | | | |
| Balance Forward In | | 2 | | | | | | |
| Direct Appropriation | 588,190 | 240,720 | 385,159 | 439,012 | 438,848 | 438,848 | 452,462 | 469,849 |
| Cancellations | 2 | 3 | | | | | | |
| **Expenditures** | **588,188** | **240,720** | **385,159** | **439,012** | **438,848** | **438,848** | **452,462** | **469,849** |
| Biennial Change in Expenditures | | | | (4,736) | | 53,525 | | 98,140 |
| Biennial % Change in Expenditures | | | | (1) | | 6 | | 12 |
| Governor's Change from Base | | | | | | | | 44,615 |
| Governor's % Change from Base | | | | | | | | 5 |
| **3000 - Federal** | | | | | | | | |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 22,177 | 18,207 | 443 | 27,476 | | | | |
| Receipts | 6,520,101 | 6,362,339 | 7,253,155 | 7,006,339 | 7,875,817 | 7,728,006 | 7,875,817 | 7,728,006 |
| Transfers In | | | 200 | | | | | |
| Balance Forward Out | 17,424 | 3 | 27,476 | | | | | |
| **Expenditures** | **6,524,854** | **6,380,543** | **7,226,322** | **7,033,815** | **7,875,817** | **7,728,006** | **7,875,817** | **7,728,006** |
| Biennial Change in Expenditures | | | | 1,354,740 | | 1,343,686 | | 1,343,686 |
| Biennial % Change in Expenditures | | | | 11 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: Alternative Care

mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/alternative-care.jsp
mn.gov/dhs/people-we-serve/seniors/services/home-community/programs-and-services/essential-community-supports.jsp

## AT A GLANCE

- The Alternative Care Program served 3,659 people, averaging 2,543 enrollees per month with an average monthly benefit of $924 in FY 2017.
- Enrolled consumers contributed a total of $1.9 million towards their cost of care.
- Essential Community Support grants are included as part of the Alternative Care Budget activity and serve 244 enrollees each month wth an average montly benefit of $227 in FY 2017.
- All funds spending for the Alternative Care activity for FY 2017 was $28.9 million. This represented 0.18 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Alternative Care (AC) Program is a cost-sharing program that provides certain home and community-based services for Minnesotans age 65 and over. Alternative Care services support seniors, their families, caregivers and communities to help seniors to stay in their homes and communities and avoid costly institutionalization.

The program is a cost-effective strategy to prevent or delay people from moving onto Medical Assistance long-term care services, such as Elderly Waiver and nursing home care. The program helps prevent the impoverishment of eligible seniors and maximizes the use of their own resources by sharing the cost of care with clients. AC is available to individuals who need the level of care provided in a nursing home but choose instead to receive services in the community, and whose income and assets would be inadequate to fund a nursing home stay for more than 135 days.

## SERVICES PROVIDED

Alternative Care (AC) services are used in a person's own home. AC covers the following services: adult day services, caregiver assessment, case management, chore services, companion services, consumer-directed community supports, home health aides, home-delivered meals, homemaker services, environmental accessibility adaptations, nutrition services, personal emergency response system, personal care, respite care, skilled nursing, specialized equipment and supplies, training and support for family caregivers and transportation.

Beginning January 1, 2015, some people who have a lower level of need for long-term care services no longer qualify to have Medical Assistance pay for nursing facility care and community-based alternatives. Those people will instead be served by Essential Community Support grants. Essential Community Support grants cover the following services: adult day services, service coordination (case management), chore services, home delivered meals, homemaker services, personal emergency response, caregiver education/training, and community living assistance. People can qualify for up to $424 a month for these services. These grants are included as part of the Alternative Care budget activity.

DHS partners with community providers, counties, tribal health groups and the Department of Health in providing and monitoring services.

The AC program is funded with state and federal money along with monthly fees paid by the person receiving services. Payments made by the state for AC services are also subject to estate recovery. Essential Community Support grants are state funded only.

More information is available on the Alternative Care fact sheet (https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4720-ENG).

## RESULTS

The agency monitors performance measures that show how this program is working. One key measure is how well people who are eligible for publically funded long-term services and supports access the services in their homes and community rather than in nursing facilities.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of older adults served by home and community-based services[1] | 68.4% | 72.9% | 2013 to 2017 |
| Quantity | Percent of long-term services and support expenditures for older adults spent on home and community-based services[2] | 45.1% | 48.6% | 2013 to 2017 |
| Quantity | Percent of AC spending on Consumer-Directed Community Supports (CDCS)[3] | 5.4% | 9.9% | 2013 to 2017 |

Performance Notes:

1. Measure 1 compares FY2013 to FY2017. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: MMIS Claims)
2. Measure two compares FY2013 to FY2017 data. This measure shows the percentage of public long-term service and support funding for older adults that is spent on Elderly Waiver, Alternative Care or home care services instead of nursing home services. (Source: MMIS Claims).
3. Measure three compares FY2013 to FY2017 data. CDCS gives persons more flexibility and responsibility for directing their services and supports—compared to services provided through the traditional program – including hiring and managing direct care staff. (Source: MMIS Claims)

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More information is available on the DHS Dashboard (http://dashboard.dhs.state.mn.us/).

The Alternative Care and Essential Community Support programs are authorized by Minnesota Statutes, sections 256B.0913 (https://www.revisor.mn.gov/statutes/?id=256B.0913) and 256B.0922 (https://www.revisor.mn.gov/statutes/?id=256B.0922).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 12,866 | 13,438 | 14,555 | 45,094 | 45,135 | 45,155 | 45,243 | 45,245 |
| 2000 - Restrict Misc Special Revenue | 1,266 | 1,351 | 1,495 | 1,002 | 1,027 | 1,053 | 1,027 | 1,053 |
| 3000 - Federal | 13,511 | 14,128 | 15,463 | 17,318 | 19,554 | 21,931 | 19,554 | 21,931 |
| **Total** | **27,643** | **28,918** | **31,513** | **63,414** | **65,716** | **68,139** | **65,824** | **68,229** |
| Biennial Change | | | | 38,367 | | 38,928 | | 39,126 |
| Biennial % Change | | | | 68 | | 41 | | 41 |
| Governor's Change from Base | | | | | | | | 198 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 27,643 | 28,918 | 31,513 | 63,414 | 65,716 | 68,139 | 65,824 | 68,229 |
| **Total** | **27,643** | **28,918** | **31,513** | **63,414** | **65,716** | **68,139** | **65,824** | **68,229** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 43,997 | 43,590 | 44,258 | 44,976 | 45,135 | 45,155 | 45,243 | 45,245 |
| Transfers In | | | 86 | 118 | | | | |
| Transfers Out | 31,131 | 30,152 | 29,789 | | | | | |
| **Expenditures** | **12,866** | **13,438** | **14,555** | **45,094** | **45,135** | **45,155** | **45,243** | **45,245** |
| Biennial Change in Expenditures | | | | 33,345 | | 30,641 | | 30,839 |
| Biennial % Change in Expenditures | | | | 127 | | 51 | | 52 |
| Governor's Change from Base | | | | | | | | 198 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 139 | 302 | 294 | 25 | | | | |
| Receipts | 1,256 | 1,199 | 1,226 | 977 | 1,027 | 1,053 | 1,027 | 1,053 |
| Balance Forward Out | 129 | 149 | 25 | | | | | |
| **Expenditures** | **1,266** | **1,351** | **1,495** | **1,002** | **1,027** | **1,053** | **1,027** | **1,053** |
| Biennial Change in Expenditures | | | | (121) | | (417) | | (417) |
| Biennial % Change in Expenditures | | | | (5) | | (17) | | (17) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | | 1 | 29 | 24 | | | | |
| Receipts | 13,512 | 14,146 | 15,458 | 17,294 | 19,554 | 21,931 | 19,554 | 21,931 |
| Balance Forward Out | 1 | 20 | 24 | | | | | |
| **Expenditures** | **13,511** | **14,128** | **15,463** | **17,318** | **19,554** | **21,931** | **19,554** | **21,931** |
| Biennial Change in Expenditures | | | | 5,142 | | 8,704 | | 8,704 |
| Biennial % Change in Expenditures | | | | 19 | | 27 | | 27 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Forecasted Programs
# Activity: Chemical Dependency Treatment Fund

mn.gov/dhs/people-we-serve/children-and-families/health-care/substance-abuse/programs-and-services/

## AT A GLANCE

- In the United States, 20.1 million people aged 12 and older had substance use disorders (CY 2016).
- Statewide, there were 56,157 admissions for substance use disorder treatment in 2016, which represents a 6 percent increase over 2015.
- The Chemical Dependency (CD) Treatment Fund pays for a little more than 43.6 percent of all admissions for substance abuse disorder treatment in Minnesota.
- The percentage of people completing substance use disorder was 51 percent in 2016.
- All funds spending for the CD Treatment Fund activity for FY 2017 was $189 million, which represents 1.2% of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Chemical Dependency (CD) Treatment Fund activity pays for residential and outpatient substance use disorder (SUD) treatment services for eligible low-income Minnesotans.

People access the SUD treatment services paid by the fund by first being assessed as needing treatment for Substance Use Disorder, and second by meeting financial eligibility guidelines. Financial eligibility standards are similar to those for Medical Assistance, the state's Medicaid program.

Counties and tribes are responsible for providing assessments (known as "Rule 25" assessments) to individuals seeking access to these funds. These assessments not only determine an individual's eligibility for services paid for by the CD Treatment Fund but also determine the appropriate level or intensity of services the person may need based on their condition and circumstances. Through legislation passed in 2017, Minnesota is transitioning from Rule 25 assessments to provider-based comprehensive assessments. This allows for direct access to placement for people in need of SUD treatment services. The 2017 legislation allows providers to be reimbursed for comprehensive assessment, treatment coordination and/or peer support services, in addition to formal treatment services, while delivering long term care to the recipient.

## SERVICES PROVIDED

The Consolidated Chemical Dependency Treatment Fund (CCDTF) is the single fee-for-service public payment source that funds residential and outpatient substance use disorder treatment services for eligible low-income Minnesotans. The CCDTF combines multiple funding sources – state appropriations, county funding, federal Medicaid funding and the federal Substance Abuse, Prevention and Treatment block grant – into a single fund with common eligibility criteria and a single process for evaluating treatment need and placement options. Federal Medicaid matching funds are collected on eligible treatment services provided to Medical Assistance recipients. Counties also contribute a share toward the cost of treatment. Counties pay 30 percent of the non-federal share of treatment costs for Medical Assistance (MA) recipients and 22.95 percent for non-MA recipients (this amount was reduced to 20.2 percent for FY 2017). The CCDTF pays for services that are part of a licensed residential or non-residential SUD treatment program. The CCDTF ensures that all clients have the same access to high quality, effective treatment programs.

All of these programs provide a continuum of effective, research-based treatment services for individuals who need them. Treatment services include individual and group therapy in outpatient or residential settings, and may

also include treatment for a mental illness, other medical services, medication-assisted therapies (with or without adjunct behavioral services), and service coordination.

SUD treatment providers use a variety of evidence-based practices, such as the twelve-step facilitation program, cognitive behavioral therapies, specialized behavioral therapy, motivational interviewing and motivational enhancement therapy as methods to ensure success.

**RESULTS**

| ***Type of Measure*** | ***Name of Measure*** | ***Previous (CY2013)*** | ***Current (CY2015)*** | ***Dates*** |
|---|---|---|---|---|
| Quantity | Number of treatment admissions to substance use disorder treatment[1] | 54,242 | 56,157 | 2015 to 2016 |
| Result | Percent of persons completing substance use disorder treatment | 51.5% | 51% | 2015 to 2016 |
| Result | Change in percent of clients who reported alcohol use within the last 30 days at time of admission and then again at the time of discharge | Admit 36.7%<br>Discharge 11.1% | Admit 34.7%<br>Discharge 9.3% | 2015 to 2016<br>2015 to 2016 |

Measure Notes:

1. This indicator is from the Drug and Alcohol Abuse Normative Evaluation System (DAANES) in the Performance Measurement & Quality Improvement section in the Alcohol and Drug Abuse Division of the Minnesota Department of Human Services.

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Minnesota Statutes chapter 254B (https://www.revisor.mn.gov/statutes/?id=254B) provides the legal authority for the CD Treatment Fund. M.S. section 254B.01, Subd.3 (https://www.revisor.mn.gov/statutes/?id=254B.01) defines chemical dependency services payable by the CD Treatment Fund. This definition applies to a wide variety of services within a planned program of care to treat a person's chemical dependency, or substance use disorder.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 2000 - Restrict Misc Special Revenue | 161,379 | 188,856 | 214,765 | 228,184 | 240,218 | 266,295 | 256,175 | 274,147 |
| **Total** | **161,379** | **188,856** | **214,765** | **228,184** | **240,218** | **266,295** | **256,175** | **274,147** |
| Biennial Change | | | | 92,714 | | 63,564 | | 87,373 |
| Biennial % Change | | | | 26 | | 14 | | 20 |
| Governor's Change from Base | | | | | | | | 23,809 |
| Governor's % Change from Base | | | | | | | | 5 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 161,204 | 188,631 | 214,520 | 227,923 | 239,957 | 266,034 | 255,914 | 273,886 |
| Other Financial Transaction | 175 | 225 | 245 | 261 | 261 | 261 | 261 | 261 |
| **Total** | **161,379** | **188,856** | **214,765** | **228,184** | **240,218** | **266,295** | **256,175** | **274,147** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 93,699 | 115,120 | 117,226 | 118,621 | 149,969 | 145,296 | 131,372 | 135,609 |
| Transfers Out | 93,699 | 115,120 | 117,226 | 118,621 | 149,969 | 145,296 | 131,372 | 135,609 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 1,620 | 2,721 | 2,605 | 246 | 246 | 246 | 246 | 246 |
| Receipts | 67,036 | 72,217 | 94,934 | 110,063 | 90,749 | 121,499 | 101,448 | 139,038 |
| Transfers In | 93,699 | 115,120 | 117,226 | 118,621 | 149,969 | 145,296 | 155,227 | 135,609 |
| Transfers Out | | 500 | | 500 | 500 | 500 | 500 | 500 |
| Balance Forward Out | 976 | 701 | | 246 | 246 | 246 | 246 | 246 |
| **Expenditures** | **161,379** | **188,856** | **214,765** | **228,184** | **240,218** | **266,295** | **256,175** | **274,147** |
| Biennial Change in Expenditures | | | | 92,714 | | 63,564 | | 87,373 |
| Biennial % Change in Expenditures | | | | 26 | | 14 | | 20 |
| Governor's Change from Base | | | | | | | | 23,809 |
| Governor's % Change from Base | | | | | | | | 5 |

# Program: Grant Programs
# Activity: Support Services Grants

dhs.state.mn.us/main/id_004112
http://mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/food-nutrition/programs-and-services/e-and-t.jsp

## AT A GLANCE

- Provides employment services to approximately 26,500 people per month receiving Minnesota Family Investment Program/Diversionary Work Program (MFIP/DWP).
- Provides employment services to approximately 2,000 people per month receiving Supplemental Nutrition Assistance Program (SNAP).
- All funds spending for the Support Services Grants activity for FY 2017 was $96.8 million. This represented 0.61 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Support Services Grants cover the cost of services creating pathways to employment for low income families receiving benefits from the Minnesota Family Investment Program (MFIP), Diversionary Work Program (DWP) and the Supplemental Nutrition Assistance Program (SNAP). This is accomplished by addressing barriers, helping stabilize families and adults, and building skills that ensure participants are prepared to find and retain employment.

The primary focus of MFIP and DWP is self-sufficiency through employment, by building on job placements in today's economy and focusing on future workforce development. Support Services Grants ensure that a foundation is there to deliver key activities to help families meet their basic needs and achieve their highest potential.

## SERVICES PROVIDED

The Support Services Grants activity provides funding for the MFIP Consolidated Fund. Counties and tribes use the MFIP Consolidated Fund to provide an array of employment services including job search, job placement, training and education. The Consolidated Fund also provides other supports such as emergency needs for low-income families with children.

In addition to helping those on MFIP/DWP, the Support Services Grants activity also provides funding for employment supports for adults who receive benefits through the Supplemental Nutrition Assistance Program (SNAP), or the SNAP Employment and Training program.

Services are delivered by Workforce Centers, counties, tribes and community agencies. Service providers evaluate the needs of each participant and develop an individualized employment plan that builds on strengths and addresses areas of need. Services include:

- Referrals to housing, child care, and health care coverage, including any needed chemical and mental health services, to aid in stabilizing families
- Basic education, English proficiency training, skill building and education programs to prepare participants for the labor market
- Job search assistance and job placement services to help participants locate employment that matches their skills and abilities
- Innovative programs to address special populations or needs such as: a single point of contact for teen parents that includes public health home visits, subsidized work experiences, integrated services for

families with serious disabilities and support for the FastTRAC program, which links education and credentials to high demand careers

Support Services Grants also fund a portion of county and tribal costs to administer MFIP and DWP. Support Services Grants are allocated to counties and tribes, and are funded with a combination of state and federal funds, including from the federal Temporary Assistance for Needy Families (TANF) block grant.

## RESULTS

The two key measures in MFIP/DWP are:

- The **Self-Support Index** (S-SI), which is a results measure. The S-SI shows the percentage of adults eligible for MFIP or DWP in a quarter who have left assistance or are working at least 30 hours per week three years later. Customized targets are set for each county or tribe using characteristics of the people served and local economic conditions. State law requires the Department of Human Services to use the Self-Support Index to allocate performance bonus funds. The chart following shows that about two-thirds of participants have left MFIP or DWP and/or are working at least 30 hours per week three years after a baseline period.

| ***Year ending in March of:*** | ***S-SI*** |
|---|---|
| 2010 | 67.0% |
| 2011 | 65.2% |
| 2012 | 65.3% |
| 2013 | 66.9% |
| 2014 | 68.5% |
| 2015 | 68.8% |
| 2016 | 68.0% |
| 2017 | 65.9% |
| 2018 | 64.6% |

- The federal Work Participation Rate (WPR), which is a measure of quantity. The WPR shows parents engaging in work and specific work-related activities. We calculate an estimated WPR for counties, county consortiums and tribes monthly, and it is annualized to allocate performance bonus funds. (Beginning in calendar year 2016, the bonus will be based solely on the S-SI.) The chart following shows the WPR for 2008 to 2015.

| ***Federal Fiscal Year*** | ***WPR*** |
|---|---|
| 2008 | 29.9% |
| 2009 | 29.8% |
| 2010 | 40.2% |
| 2011 | 43.9% |
| 2012 | 45.3% |
| 2013 | 45.1% |
| 2014 | 46.2% |
| 2015 | 37.9% |
| 2016 | 39.4% |
| 2017 | 38.9% |

Another employment-related, state-mandated performance measure tracked is:

- **MFIP/DWP Median Placement Wage**, a quality measure that reflects the number of people getting jobs and the median wage. The chart shows the statewide median hourly starting wage. (Tribes are not included.)

| *Calendar Year* | *Median Placement Wage Per Hour for MFIP Clients* | *Median Placement Wage Per Hour for DWP Clients* |
|---|---|---|
| 2008 | $9.00 | $9.39 |
| 2009 | $9.00 | $9.30 |
| 2010 | $9.50 | $9.50 |
| 2011 | $9.50 | $9.50 |
| 2012 | $9.95 | $10.00 |
| 2013 | $10.00 | $10.00 |
| 2014 | $10.29 | $10.00 |
| 2015 | $11.00 | $11.00 |
| 2016 | $11.50 | $11.50 |
| 2017 | $12.00 | $12.00 |

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The legal authority for Support Services Grants is M.S. sections 256J.626 (https://www.revisor.mn.gov/statutes/?id=256J.626) and 256D.051 (https://www.revisor.mn.gov/statutes/?id=256D.051)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 15,805 | 8,700 | 8,697 | 8,715 | 8,715 | 8,715 | 8,715 | 8,715 |
| 2000 - Restrict Misc Special Revenue | | 741 | | | | | | |
| 3000 - Federal | 19 | 43 | 2,503 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 |
| 3001 - Federal TANF | 92,483 | 87,291 | 94,759 | 96,311 | 96,312 | 96,311 | 96,312 | 96,311 |
| **Total** | **108,307** | **96,774** | **105,959** | **114,226** | **114,227** | **114,226** | **114,227** | **114,226** |
| Biennial Change | | | | 15,104 | | 8,268 | | 8,268 |
| Biennial % Change | | | | 7 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 1,491 | 1,383 | 1,900 | | | | | |
| Grants, Aids and Subsidies | 102,360 | 92,436 | 100,657 | 114,226 | 114,227 | 114,226 | 114,227 | 114,226 |
| Other Financial Transaction | 4,455 | 2,955 | 3,402 | | | | | |
| **Total** | **108,307** | **96,774** | **105,959** | **114,226** | **114,227** | **114,226** | **114,227** | **114,226** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 2,694 | | | | | | | |
| Direct Appropriation | 13,133 | 8,715 | 8,715 | 8,715 | 8,715 | 8,715 | 8,715 | 8,715 |
| Cancellations | 22 | 15 | 18 | | | | | |
| **Expenditures** | **15,805** | **8,700** | **8,697** | **8,715** | **8,715** | **8,715** | **8,715** | **8,715** |
| Biennial Change in Expenditures | | | | (7,093) | | 18 | | 18 |
| Biennial % Change in Expenditures | | | | (29) | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 741 | 741 | | | | | | |
| Balance Forward Out | 741 | | | | | | | |
| **Expenditures** | | **741** | | | | | | |
| Biennial Change in Expenditures | | | | (741) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **3000 - Federal** | | | | | | | | |
| Receipts | 19 | 43 | 2,503 | 9,200 | 9,200 | 9,200 | 9,200 | 9,200 |
| **Expenditures** | **19** | **43** | **2,503** | **9,200** | **9,200** | **9,200** | **9,200** | **9,200** |
| Biennial Change in Expenditures | | | | 11,641 | | 6,697 | | 6,697 |
| Biennial % Change in Expenditures | | | | 18,788 | | 57 | | 57 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3001 - Federal TANF** | | | | | | | | |
| Receipts | 92,483 | 87,291 | 94,759 | 96,311 | 96,312 | 96,311 | 96,312 | 96,311 |
| **Expenditures** | **92,483** | **87,291** | **94,759** | **96,311** | **96,312** | **96,311** | **96,312** | **96,311** |
| Biennial Change in Expenditures | | | | 11,296 | | 1,553 | | 1,553 |
| Biennial % Change in Expenditures | | | | 6 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Basic Sliding Fee Child Care Assistance Grants

mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/child-care/programs-and-services/basic-sliding-fee.jsp

## AT A GLANCE

- In 2017 Basic Sliding Fee (BSF) child care program provided child care assistance to 13,241 children in 6,911 families in an average month.
- As of June 2018, there are 1,968 families eligible for assistance but on a waiting list for services.
- The average monthly assistance per family was $1,142.
- All funds spending on BSF child care assistance grants for FY 2017 was $96 million. This represented 0.61 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

In order to work, families need safe and reliable child care. The annual cost of full time licensed care for one child can exceed $10,000. Many low-income families struggle to find affordable child care that fits their needs. The Basic Sliding Fee (BSF) child care program provides financial subsidies to help low-income families pay for child care through the Child Care Assistance Program. Families earning no more than 47 percent of the state median income ($36,365 in 2015 for a family of three) are eligible to enter the BSF program. Families leave the Child Care Assistance Program when their earnings are greater than 67 percent of state median income (in October 2015, that level was set at $51,841 for a family of three) or when their copayment exceeds their cost of care.

## SERVICES PROVIDED

BSF child care assistance grants provide support to help improve outcomes for the most at-risk children and their families by increasing access to high quality child care.

Families must be working, looking for work or attending school to be eligible for the Basic Sliding Fee Program. The program helps families pay child care costs on a sliding fee basis. As family income increases, so does the amount of child care expenses (copayment) paid by the family. All families receiving child care assistance and earning 75 percent or more of the federal poverty guideline make copayments based on their income. A family of three earning 55 percent of the state median income ($42,555) would have a total biweekly copayment of $138 for all children in care.

BSF child care assistance grants are part of the state's Child Care Assistance Program. Maximum rates for provider payment in the Child Care Assistance Program are set in state law. Maximum rates are set for each type of care: child care centers, family child care and legal non-licensed child care. Providers are paid at the rate they charge in the private child care market, up to this limit. The program pays a higher rate to providers who have met quality standards through Parent Aware, are accredited, or hold certain educational credentials.

Child care must be provided by a legal child care provider over the age of 18 years. Allowable providers include legal non-licensed family child care, license-exempt centers, licensed family child care and licensed child care centers. Families choose their providers in the private child care market. Counties administer the Child Care Assistance Program.

BSF funding is a capped allocation. It includes a combination of state funds and federal funding from the Child Care Development Block Grant and the Temporary Assistance for Needy Families program. The Department of

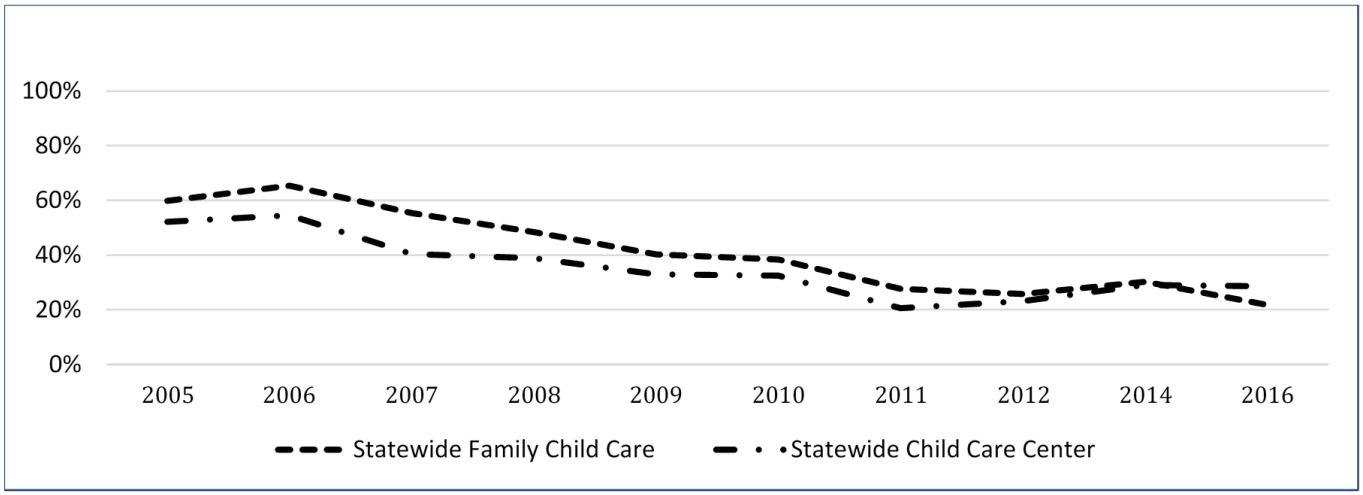
Human Services allocates funding to counties for program administration. Demand for the program exceeds available funds and families are waitlisted based on prioritization established in law. As of June 2018, there were 1,968 families on the waiting list.

## RESULTS

**Percent of Provider Prices Fully Covered by CCAP** - Maximum rates paid to providers under the Child Care Assistance Program may not cover the full cost of child care. This may be a barrier for some families if they cannot find a provider in their community whose prices are covered by the maximum allowed under the program. The percent of child care providers who charge prices that are fully covered by the Child Care Assistance Program increased when the maximum rates were raised in 2014, but the maximum rate paid remains low compared to prices in the market.

This quality measure shows approximately 22% of family child care providers and approximately 29% of child care centers charge prices that are fully covered by the Child Care Assistance Program maximum rates.

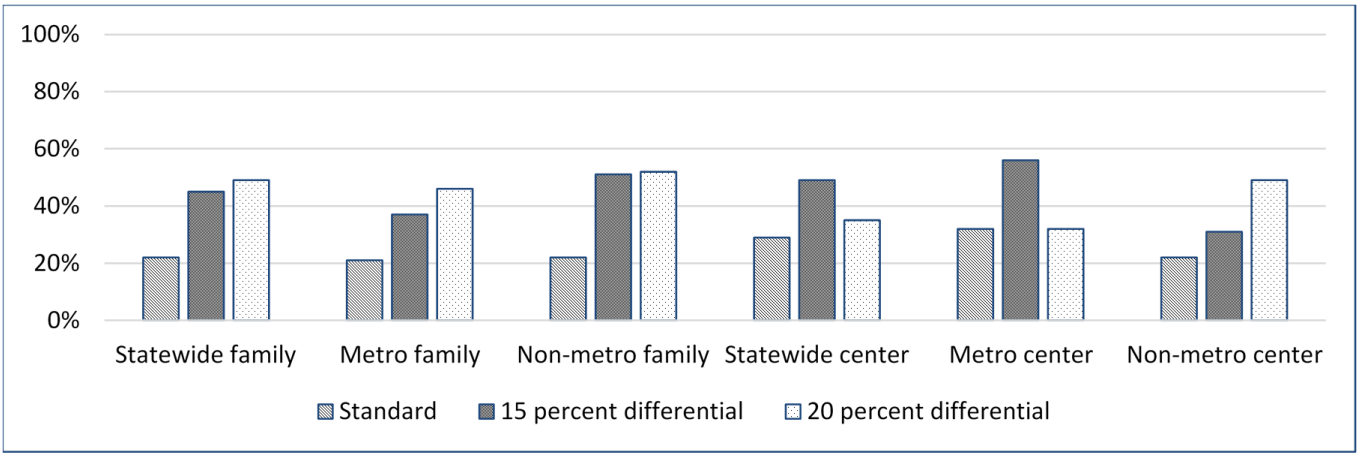
**Provider prices fully covered by Standard Maximum Rates statewide, by percent**




Quality Differential Impact - Parent Aware is Minnesota's rating tool for helping parents select high quality child care and early education programs. The Child Care Assistance Program allows up to a 15 percent higher maximum rate to be paid to providers with a Parent Aware 3-star rating, or who hold certain accreditation or education standards established in statute. Up to a 20 percent higher maximum rate can be paid to providers with a 4-star Parent Aware rating.

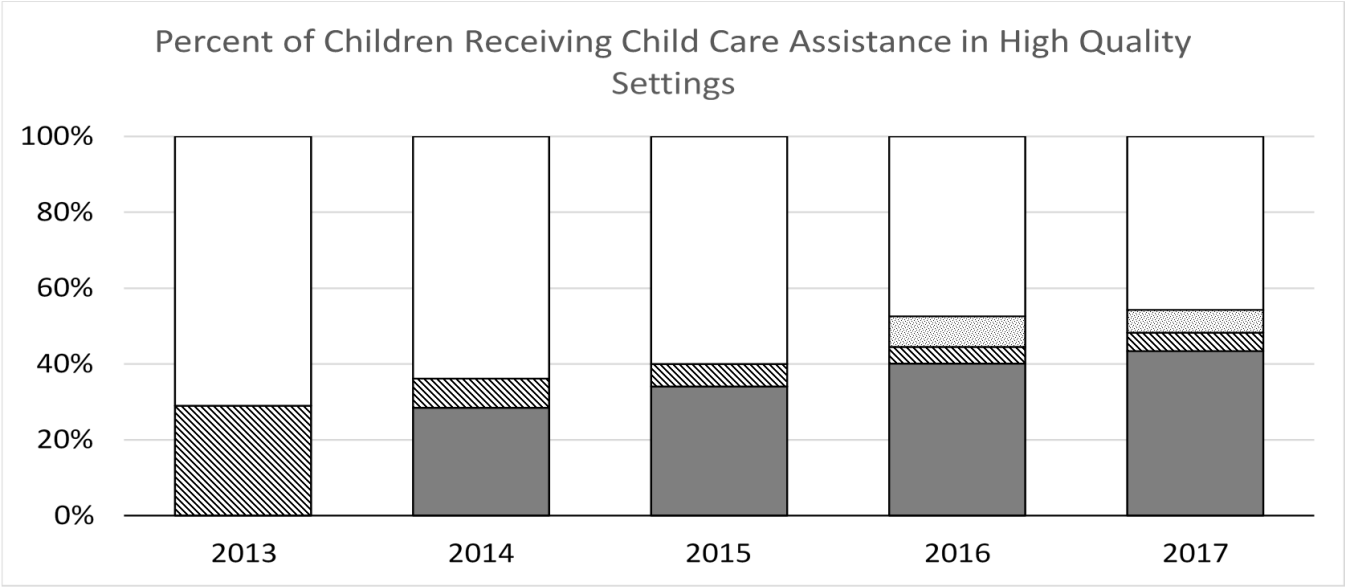
This quality measure shows that higher maximum rates may increase families' access to high quality providers by allowing the maximum rate paid by the Child Care Assistance Program to fully cover more (or an equivalent proportion) of their prices as compared to the prices charged by all providers. This measure indicates the impact of quality differentials by type of care. It is first presented as a statewide total, and then broken out by metro and non-metro counties.

**Prices fully covered by Standard and Quality Differential Maximum Rates – 2016**




Specifically, the 20 percent differential allows the prices charged by center based four-star rated metro providers to be fully covered by the maximum subsidy in the same proportion as the prices of all metro center providers. The higher maximum rates offer coverage of the prices charged by all other types of quality providers at higher levels than the standard maximum rates.

**Use of High Quality Care** - Children who participate in high quality early care and education are more likely to experience school success and positive life-long outcomes. This quality measure shows that the percent of all children receiving child care assistance through providers eligible for the higher subsidy rates for quality has increased from 23 percent in quarter four of 2013 to 48 percent in 2017.




| | Child's Provider Credentials | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|
| | Provider holds Parent Aware 3-4 Star* | NA | 28% | 34% | 40% | 43% |
| | Provider holds Accreditation* | 29% | 8% | 6% | 5% | 5% |
| | Provider holds Parent Aware 1-2 Star | NA | NA | NA | 8% | 6% |
| | Standard Care | 71% | 64% | 60% | 47% | 46% |

* These providers are eligible for CCAP higher rates for quality.

In 2014 a statute change allowed providers to qualify for the higher maximum subsidy rate through receiving a Parent Aware rating of 3-or-4-Stars. Previously only providers holding certain accreditations and family child care providers meeting certain education standards were eligible. In this figure, child care settings were categorized according to the quality standard they meet to be eligible for the CCAP quality differential.

- In 2013 settings meeting quality standards though accreditations/credentials may also have been highly rated by Parent Aware. In 2014-2015 settings that hold both a 3-or-4 Star Parent Aware rating and an accreditation or educational credential, are included in the Parent Aware rated category.

The data source for the prices charged by providers is a biennial survey of provider prices conducted by the Department. To assess the portion of provider prices fully covered, provider prices are compared to the applicable maximum subsidy rates.

The data source for children in care with provider's eligible of the higher rates for quality is from MEC2, Minnesota's child care electronic eligibility and payment system.

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The legal authority for the Basic Sliding Fee (BSF) Child Care Assistance program is in M.S. chapter 119B. (https://www.revisor.mn.gov/statutes/?id=119B)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 48,439 | 51,559 | 44,043 | 53,413 | 53,583 | 53,639 | 63,935 | 75,046 |
| 3000 - Federal | 47,187 | 44,726 | 54,490 | 52,906 | 56,393 | 56,429 | 56,393 | 56,429 |
| **Total** | **95,626** | **96,285** | **98,533** | **106,319** | **109,976** | **110,068** | **120,328** | **131,475** |
| Biennial Change | | | | 12,941 | | 15,192 | | 46,951 |
| Biennial % Change | | | | 7 | | 7 | | 23 |
| Governor's Change from Base | | | | | | | | 31,759 |
| Governor's % Change from Base | | | | | | | | 14 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 95,626 | 96,285 | 98,533 | 106,319 | 109,976 | 110,068 | 120,328 | 131,475 |
| **Total** | **95,626** | **96,285** | **98,533** | **106,319** | **109,976** | **110,068** | **120,328** | **131,475** |

# BSF Child Care Assistance Grants

## Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 48,439 | 51,559 | 44,690 | 53,413 | 53,583 | 53,639 | 63,935 | 75,046 |
| Cancellations | | | 647 | | | | | |
| **Expenditures** | **48,439** | **51,559** | **44,043** | **53,413** | **53,583** | **53,639** | **63,935** | **75,046** |
| Biennial Change in Expenditures | | | | (2,542) | | 9,766 | | 41,525 |
| Biennial % Change in Expenditures | | | | (3) | | 10 | | 43 |
| Governor's Change from Base | | | | | | | | 31,759 |
| Governor's % Change from Base | | | | | | | | 30 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 3 | 18 | 196 | 212 | | | | |
| Receipts | 47,201 | 44,797 | 54,506 | 52,694 | 56,393 | 56,429 | 56,393 | 56,429 |
| Balance Forward Out | 16 | 90 | 212 | | | | | |
| **Expenditures** | **47,187** | **44,726** | **54,490** | **52,906** | **56,393** | **56,429** | **56,393** | **56,429** |
| Biennial Change in Expenditures | | | | 15,483 | | 5,426 | | 5,426 |
| Biennial % Change in Expenditures | | | | 17 | | 5 | | 5 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Child Care Development Grants

mn.gov/dhs/people-we-serve/children-and-families/services/child-care/

## AT A GLANCE

- As of July 2018, 2,763 child care and early education programs have a Parent Aware rating.
- 2,538 family child care providers and 10,191 child care center staff are active users on *Develop*, Minnesota's Quality Improvement and Registry Tool.
- 3,790 individuals received coaching and support services to increase quality of care to children in FY18.
- All funds spending for the Child Care Development Grants activity for FY 2017 was $18.1 million. This represented 0.1 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Child Care Development Grants fund services that promote children's development and learning through initiatives that increase the availability of quality care and education in Minnesota. These grants support Parent Aware, Minnesota's Quality Rating and Improvement System. Parent Aware offers tools and resources that help families access quality child care and early education that will prepare them for school and for life. It also provides resources to help child care programs improve their practices.

It is important that all children and their families have access to high quality child care and early education programs. The first few years of children's lives are key to their intellectual, emotional and social development. Everyone wants to know that children are being well cared for while family members are at work or school. High quality child care that is available and affordable is important to children's safety and healthy development, and to families' self-sufficiency.

## SERVICES PROVIDED

The Department of Human Services (DHS) works with public and private agencies, as well as individuals to promote school readiness through education and training. Child Care Development Grants are used to support services that improve the quality of early childhood and school-age care, and increase access to high quality care, especially for high-needs children. This grant activity also supports consumer education services for parents searching for child care. Services support:

- Information for parents searching for quality child care and early education for their children through Parent Aware, an online search tool (Parent Aware website, http://parentaware.org/), and other parent education services provided by Child Care Aware of Minnesota
- Grants, financial supports and other incentives for child care programs to improve quality, including for those participating in the voluntary Parent Aware Quality Rating and Improvement System
- Training, coaching, consultation and other workforce supports for early childhood and school-age care providers to increase their knowledge and skills in child development, instructional practices and ways to meet the needs of individual children
- Reimbursement to child care programs and providers to cover some of the fees charged to complete a nationally recognized child care accreditation program

Child Care Development Grants are funded primarily through the federal Child Care and Development Block Grant.

## RESULTS

**Use of High Quality Child Care** - Children who participate in high quality child care and early education are more likely to experience school success and positive life-long outcomes. This measure shows that the percent of all children receiving child care assistance through providers eligible for the higher subsidy rates for quality has increased from 23 percent in quarter four of 2012 to 38 percent in quarter three of 2016. This represents a 65 percent increase over the 4-year period.

**Number of Programs Rated by Parent Aware** – Parent Aware improves children's outcomes by improving families' access to high quality child care. This measure shows that the percentage of child care and early education programs with a Parent Aware rating increased from 2015 to 2016.

**Provider Education Levels** – Child care and early education professionals with degrees or credentials are needed to provide the kind of early learning opportunities that will make a difference for children's outcomes. This measure shows that the number of early childhood educators who earned a degree or credential in Minnesota increased from 947 in 2014 to 1,136 in 2015.

**Searches for Quality Care Through Parent Aware** - A new and improved website for parents was launched in FY2015 to better meet parents' needs in choosing child care. After this launch, the website experienced a large increase in visitors in a short period of time.

| *Type of Measure* | *Description* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of children receiving child care assistance in high quality settings[1] | 38% | 47% | 2016 & 2017 |
| Quantity | Percent of child care and early education programs with a Parent Aware rating[2] | 22% | 25% | 2017 & 2018 |
| Quantity | Number of family child care providers and teachers working directly with children with a Credential, CDA or Degree (AAS, BA/BS or higher)[3] | 4,436 | 4,785 | 2017 & 2018 |
| Quantity | Number of unique visitors on Parent Aware.org[4] | 92,193 | 98,658 | 2017 & 2018 |

Performance Measures notes:

1. Data is from the Department of Human Services (DHS) and includes the number of children receiving child care assistance served in high quality settings that were accredited or credentialed in 2016 (Q3), and the number of children receiving child care assistance served in high quality settings that were accredited or credentialed in 2017 (Q3).
2. Data is from DHS and includes licensed child care programs (DHS and tribally licensed family child care and child care centers), Head Start/Early Head Start programs, and public schools prekindergarten sites as of Dec. 31 of the reporting year.
3. Data is from Develop on Aug. 13, 2018, with the parameters of July 1, 2016 to June 30, 2017 for SFY17; and July 1, 2017 to June 30, 2018 for SFY18. This included only persons identifying as Teachers or Family child care providers. It is not a requirement for members of the child care and early education workforce to be registered or using Develop.
4. Data is collected via Google Analytics reports from Parent Aware.org using the State Fiscal Year.

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The legal authority for the Child Care Development Grant activities is M.S. chapter 119B (https://www.revisor.mn.gov/statutes/?id=119B).

# Child Care Development Grants

# Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 2,600 | 5,477 | 2,961 | 2,962 | 2,962 | 2,962 | 2,962 | 2,962 |
| 2000 - Restrict Misc Special Revenue | | | 7 | | | | | |
| 2001 - Other Misc Special Revenue | 3,694 | 1,287 | | | | | | |
| 3000 - Federal | 9,301 | 11,382 | 16,843 | 21,357 | 22,441 | 23,344 | 22,441 | 23,344 |
| **Total** | **15,594** | **18,146** | **19,812** | **24,319** | **25,403** | **26,306** | **25,403** | **26,306** |
| Biennial Change | | | | 10,391 | | 7,578 | | 7,578 |
| Biennial % Change | | | | 31 | | 17 | | 17 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 137 | 1,050 | 848 | | | | | |
| Grants, Aids and Subsidies | 15,320 | 16,754 | 18,550 | 24,319 | 25,403 | 26,306 | 25,403 | 26,306 |
| Other Financial Transaction | 137 | 341 | 414 | | | | | |
| **Total** | **15,594** | **18,146** | **19,812** | **24,319** | **25,403** | **26,306** | **25,403** | **26,306** |

# Child Care Development Grants

## Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 139 | | | | | | |
| Direct Appropriation | 1,737 | 1,737 | 1,737 | 1,737 | 1,737 | 1,737 | 1,737 | 1,737 |
| Transfers In | 863 | 3,610 | 1,225 | 1,225 | 1,225 | 1,225 | 1,225 | 1,225 |
| Cancellations | | 9 | 1 | | | | | |
| **Expenditures** | **2,600** | **5,477** | **2,961** | **2,962** | **2,962** | **2,962** | **2,962** | **2,962** |
| Biennial Change in Expenditures | | | | (2,153) | | 1 | | 1 |
| Biennial % Change in Expenditures | | | | (27) | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 7 | 7 | 7 | | | | | |
| Balance Forward Out | 7 | 7 | | | | | | |
| **Expenditures** | | | **7** | | | | | |
| Biennial Change in Expenditures | | | | 7 | | (7) | | (7) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 14 | 414 | | | | | | |
| Receipts | 3,680 | 873 | | | | | | |
| **Expenditures** | **3,694** | **1,287** | | | | | | |
| Biennial Change in Expenditures | | | | (4,981) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (100) | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 19 | | | | | | | |
| Receipts | 9,282 | 11,382 | 16,843 | 21,357 | 22,441 | 23,344 | 22,441 | 23,344 |
| **Expenditures** | **9,301** | **11,382** | **16,843** | **21,357** | **22,441** | **23,344** | **22,441** | **23,344** |
| Biennial Change in Expenditures | | | | 17,518 | | 7,585 | | 7,585 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial % Change in Expenditures | | | | 85 | | 20 | | 20 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Child Support Enforcement Grants

mn.gov/dhs/people-we-serve/children-and-families/services/child-support/

## AT A GLANCE

- County and state child support offices provide services to more than 346,000 custodial and non-custodial parents and their 240,000 children.
- In 2017, the child support program collected and disbursed $580 million in child support.
- Access and visitation funds served 675 children in 2017.
- All Funds spending for the Child Support Enforcement Grants Activity for FY 2017 was $1.6 million dollars. This represented 0.01 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Every child needs financial and emotional support. Minnesota's child support program benefits children by enforcing parental responsibility for their support.

The MN child support program plays an active role in reducing the reliance on other state income maintenance programs given the significant amount of child support that is collected and sent directly to families.

Child support represents a high proportion of income for low income custodial parents. Eleven percent of cases are currenly on public assistance and 48 percent of cases were former on public assistance cases. Eighty-seven percent of custodial parents who are eligible for child support are women.

Child Support Enforcement Grants help strengthen families by providing financial supports. Child support helps families become self-sufficient.

## SERVICES PROVIDED

Child support activities are administered by counties and tribes under state direction and supervision. Staff provides assistance for custodial parents in obtaining basic support, medical support and child care support for children, through locating parents and establishing paternity and support obligations. Without this assistance, many families would not have the financial resources to remain self-sufficient.

The following activities help to support and stabilize families:

- Establish paternity through genetic testing, Recognition of Parentage or other means;
- Establish and modify court orders for child support, medical support and child care support, based on statutory guidelines;
- Enforce court orders to assure payment through remedies established in federal regulation and state law, such as income withholding, driver's license suspension and passport denial; and
- Collect and process payments from employers, parents, counties and other states, and issue support funds to families.

Additional grants provide federal funding to improve non-custodial parents' access to their children. Funding is a mix of federal funds, state general funds and fees.

## RESULTS

The federal government funds state child support programs in part through performance incentives. These are calculated by measuring the state's performance in core activities: Paternity establishment, order establishment, collection of current support, collection of arrears (past due support) and program cost effectiveness. States are

ranked by their scores on the measures and earn higher incentives as performance increases. Each percentage measurement has a threshold of 80 percent to earn the maximum incentive for that measure. To maximize the incentive for cost-effectiveness, states must collect $5.00 for every dollar spent on the child support program.

Minnesota's child support performance has increased in all measures over the last five years. Minnesota ranks among the top five states on child support collections measures. In 2015, Minnesota earned $12 million dollars in federal incentives. The federal incentives are passed on to counties to help cover their administrative costs of the program.

| ***Type of Measure*** | ***Performance Measures[1]*** | ***FFY 2017*** | ***FFY 2016*** | ***FFY 2015*** | ***FFY 2014*** | ***FFY 2013*** |
|---|---|---|---|---|---|---|
| Quantity | Paternities established: percent of children born outside marriage for whom paternity was established in open child support cases for the year | 101% | 101% | 99% | 100% | 102% |
| Quantity | Orders established: percent of cases open at the end of the year with orders established | 89% | 89% | 88% | 88% | 86% |
| Quantity | Collections on current support: percent of cases with current support due within the year that had a collection on current support | 75% | 74$ | 73% | 72% | 71% |
| Quantity | Collections on arrears: percent of cases with arrears due within the year that had a collection on arrears | 72% | 72% | 72% | 70% | 70% |
| Quality | Cost effectiveness: dollars collected per dollar spent | $3.30 | $3.30 | $3.54 | $3.58 | $3.63 |

**Performance Measures notes:**

1. Federal performance measures are listed in the 2017 Minnesota Child Support Performance Report (https://www.leg.state.mn.us/docs/2018/other/180484.pdf).
2. FFY = federal fiscal year
3. Paternities established can be higher than 100 percent because the results include children born in prior years for whom paternity has been established in that year.

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The legal authority for Child Support Enforcement Grants comes from federal and state laws.

Federal law 42 U.S.C. secs. 651-669b requires that states establish a child support program and gives general guidelines for administering the program. (Title 42 651) (http://www.gpo.gov/fdsys/pkg/USCODE-2012-title42/pdf/USCODE-2012-title42-chap7-subchapIV-partD.pdf)

State law:

Requires a person receiving public assistance to assign child support rights to the state and cooperate with child support services (M.S. sec. 256.741, https://www.revisor.mn.gov/statutes/?id=256.741)
Provides legal authority to establish child support (M.S. sec. 256.87, https://www.revisor.mn.gov/statutes/?id=256.87) and to establish paternity (M.S. sec. 257.57, https://www.revisor.mn.gov/statutes/?id=257.57)

Provides legal authority to set and collect fees for child support services (M.S. sec. 518A.51, https://www.revisor.mn.gov/statutes/?id=518A.51), and requires the state to establish a central collections unit (M.S. sec. 518A.56, https://www.revisor.mn.gov/statutes/?id=518A.56).

# Child Support Enforcement Grants

# Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 2000 - Restrict Misc Special Revenue | 1,543 | 1,558 | 1,534 | 1,603 | 1,543 | 1,543 | 1,543 | 1,543 |
| 2001 - Other Misc Special Revenue | (5) | (76) | (17) | 349 | 50 | 50 | 50 | 50 |
| 3000 - Federal | 188 | 138 | 132 | 190 | 615 | 615 | 615 | 615 |
| **Total** | **1,726** | **1,620** | **1,649** | **2,142** | **2,208** | **2,208** | **2,208** | **2,208** |
| Biennial Change | | | | 445 | | 625 | | 625 |
| Biennial % Change | | | | 13 | | 16 | | 16 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | (305) | (341) | (275) | 489 | 138 | 138 | 138 | 138 |
| Grants, Aids and Subsidies | 2,031 | 1,961 | 1,923 | 1,653 | 2,070 | 2,070 | 2,070 | 2,070 |
| **Total** | **1,726** | **1,620** | **1,649** | **2,142** | **2,208** | **2,208** | **2,208** | **2,208** |

# Child Support Enforcement Grants

# Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Transfers Out | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 0 | 0 | 0 | 60 | | | | |
| Receipts | 1,577 | 1,592 | 1,628 | 1,543 | 1,543 | 1,543 | 1,543 | 1,543 |
| Transfers Out | 34 | 34 | 34 | | | | | |
| Balance Forward Out | 0 | 0 | 60 | | | | | |
| **Expenditures** | **1,543** | **1,558** | **1,534** | **1,603** | **1,543** | **1,543** | **1,543** | **1,543** |
| Biennial Change in Expenditures | | | | 36 | | (51) | | (51) |
| Biennial % Change in Expenditures | | | | 1 | | (2) | | (2) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 48 | 103 | 229 | 299 | | | | |
| Receipts | | | 3 | | | | | |
| Transfers In | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| Balance Forward Out | 103 | 229 | 299 | | | | | |
| **Expenditures** | **(5)** | **(76)** | **(17)** | **349** | **50** | **50** | **50** | **50** |
| Biennial Change in Expenditures | | | | 413 | | (232) | | (232) |
| Biennial % Change in Expenditures | | | | (508) | | (70) | | (70) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | | 9 | | | | | | |
| Receipts | 188 | 129 | 132 | 190 | 615 | 615 | 615 | 615 |
| **Expenditures** | **188** | **138** | **132** | **190** | **615** | **615** | **615** | **615** |
| Biennial Change in Expenditures | | | | (5) | | 908 | | 908 |
| Biennial % Change in Expenditures | | | | (1) | | 282 | | 282 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Children's Services Grants

https://mn.gov/dhs/people-we-serve/children-and-families/services/child-protection/

## AT A GLANCE

In 2017:

- 30,927 reports of child abuse and neglect were assessed involving 39,606 children
- Of these, 8,447 children were determined to be victims of child maltreatment
- 16,593 children experienced an out-of-home placement
- All funds spending for the Children's Services Grants activity for FY 2017 was $73 million. This represented 0.46 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The purpose of Children's Services Grants is to provide families and communities with resources to keep children safe, especially in times of stress. The goal of grants is to strengthen families and provide resources to help children thrive in stable, nurturing environments. Grants help to minimize long-term intervention costs for crime, corrections, truancy, hospitalization, special education and mental health care.

## SERVICES PROVIDED

The Children's Services Grants activity funds child welfare services around the state, including Indian child welfare services, child protection, homeless youth services, and child abuse and neglect services through counties, tribes, and community-based providers. Grants provide supports to help keep more children out of foster care and safely with their families, and to decrease the disproportionate number of children of color in out-of-home placements. Most recently these grants have been used to:

- Reform the child welfare system to focus on ensuring children's safety while supporting families
- Improve the Minnesota Child Welfare Training System
- Work with tribes to design and develop tribal approaches that ensure child safety and permanency
- Transfer responsibilities from counties to tribes to deliver a full continuum of child welfare services to American Indian children and families on two reservations
- Expand the Parent Support Outreach Program (PSOP https://edocs.dhs.state.mn.us/lfserver/Public/DHS-4472A-ENG) by doubling the number of counties in the program.

These services are essential in keeping children safe and families stable. Children's Services Grants include state and federal funding for child welfare services.

## RESULTS

The Department of Human Services monitors the performance of counties and tribes in delivering child welfare services. Minnesota outcomes match or exceed most federal standards. Efforts to engage families early and collaboratively with evidence-based interventions have resulted in improving safety and timely permanency outcomes.

| *Type of Measure* | *Name of Measure* | *2014* | *2015* | *2016* | *2017* |
|---|---|---|---|---|---|
| Quality | Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report | 94.3% | 94.5% | 91.8% | 91% |
| Quality | Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months | 60% | 56.1% | 50.6% | 47.5% |
| Quality | Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year | 50% | 44.8% | 48.1% | 51.2% |
| Quality | Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year | 17.4% | 23.1% | 25.2% | 28.8% |

Performance Measures notes:

Measures from the Research and Evaluation unit of the Child Safety and Permanency Division at the Department of Human Services.

Also see the DHS Child Welfare Dashboard (http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137).

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Several state statutes provide the legal authority for the Children's Services Grants activity:

Provisions for reasonable efforts, Interstate Compact on Placement of Children and Minnesota Indian Preservation Act are in M.S. chapter 260 (https://www.revisor.mn.gov/statutes/?id=260)
Provisions for juvenile protection are in M.S. chapter 260C (https://www.revisor.mn.gov/statutes/?id=260C)
Provisions for voluntary foster care for treatment are in M.S. chapter 260D (https://www.revisor.mn.gov/statutes/?id=260D)
Reporting of Maltreatment of minors is under M.S. section 626.556 (https://www.revisor.mn.gov/statutes/?id=626.55)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 37,044 | 36,487 | 36,735 | 38,620 | 37,683 | 37,683 | 42,575 | 47,153 |
| 2000 - Restrict Misc Special Revenue | 335 | 429 | 628 | 475 | 875 | 875 | 875 | 875 |
| 2001 - Other Misc Special Revenue | 2,181 | 2,126 | 2,620 | 2,882 | 2,858 | 2,437 | 2,858 | 2,437 |
| 2403 - Gift | 11 | 12 | 8 | 24 | 24 | 24 | 24 | 24 |
| 3000 - Federal | 11,030 | 33,770 | 14,047 | 19,377 | 23,333 | 23,433 | 23,333 | 23,433 |
| 3001 - Federal TANF | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| **Total** | **50,740** | **72,963** | **54,180** | **61,518** | **64,913** | **64,592** | **69,805** | **74,062** |
| Biennial Change | | | | (8,006) | | 13,807 | | 28,169 |
| Biennial % Change | | | | (6) | | 12 | | 24 |
| Governor's Change from Base | | | | | | | | 14,362 |
| Governor's % Change from Base | | | | | | | | 11 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 899 | 735 | 1,058 | 136 | 536 | 536 | 536 | 536 |
| Grants, Aids and Subsidies | 43,523 | 65,321 | 45,461 | 60,807 | 63,802 | 63,481 | 68,694 | 72,951 |
| Other Financial Transaction | 6,318 | 6,907 | 7,660 | 575 | 575 | 575 | 575 | 575 |
| **Total** | **50,740** | **72,963** | **54,180** | **61,518** | **64,913** | **64,592** | **69,805** | **74,062** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 719 | 1,082 | 733 | 937 | | | | |
| Direct Appropriation | 39,015 | 39,465 | 39,240 | 39,165 | 39,165 | 39,165 | 44,057 | 48,635 |
| Transfers In | 769 | 164 | 937 | | | | | |
| Transfers Out | 2,251 | 1,646 | 2,419 | 1,482 | 1,482 | 1,482 | 1,482 | 1,482 |
| Cancellations | 126 | 1,844 | 819 | | | | | |
| Balance Forward Out | 1,082 | 733 | 937 | | | | | |
| **Expenditures** | **37,044** | **36,487** | **36,735** | **38,620** | **37,683** | **37,683** | **42,575** | **47,153** |
| Biennial Change in Expenditures | | | | 1,824 | | 11 | | 14,373 |
| Biennial % Change in Expenditures | | | | 2 | | 0 | | 19 |
| Governor's Change from Base | | | | | | | | 14,362 |
| Governor's % Change from Base | | | | | | | | 19 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 555 | 782 | 916 | 882 | 913 | 544 | 913 | 544 |
| Receipts | | | | | | | | |
| Transfers In | 563 | 627 | 640 | 575 | 575 | 575 | 575 | 575 |
| Transfers Out | 6 | 65 | 46 | 69 | 69 | 69 | 69 | 69 |
| Balance Forward Out | 778 | 916 | 882 | 913 | 544 | 175 | 544 | 175 |
| **Expenditures** | **335** | **429** | **628** | **475** | **875** | **875** | **875** | **875** |
| Biennial Change in Expenditures | | | | 340 | | 647 | | 647 |
| Biennial % Change in Expenditures | | | | 45 | | 59 | | 59 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 1,846 | 1,531 | 1,544 | 604 | 551 | 65 | 551 | 65 |
| Receipts | 1,284 | 1,167 | 1,428 | 2,272 | 2,272 | 2,272 | 2,272 | 2,272 |
| Transfers In | 1,482 | 1,482 | 1,482 | 1,482 | 1,482 | 1,482 | 1,482 | 1,482 |
| Transfers Out | 900 | 511 | 1,230 | 925 | 1,382 | 1,382 | 1,382 | 1,382 |
| Balance Forward Out | 1,531 | 1,544 | 604 | 551 | 65 | | 65 | |
| **Expenditures** | **2,181** | **2,126** | **2,620** | **2,882** | **2,858** | **2,437** | **2,858** | **2,437** |
| Biennial Change in Expenditures | | | | 1,196 | | (207) | | (207) |
| Biennial % Change in Expenditures | | | | 28 | | (4) | | (4) |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 2403 - Gift

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 16 | 15 | 8 | | | | | |
| Receipts | 9 | 6 | 0 | 24 | 24 | 24 | 24 | 24 |
| Balance Forward Out | 15 | 8 | 0 | | | | | |
| **Expenditures** | **11** | **12** | **8** | **24** | **24** | **24** | **24** | **24** |
| Biennial Change in Expenditures | | | | 9 | | 16 | | 16 |
| Biennial % Change in Expenditures | | | | 41 | | 48 | | 48 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 3000 - Federal

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 152 | 58 | 39 | 21 | | | | |
| Receipts | 10,886 | 33,721 | 14,030 | 19,356 | 23,333 | 23,433 | 23,333 | 23,433 |
| Balance Forward Out | 9 | 10 | 21 | | | | | |
| **Expenditures** | **11,030** | **33,770** | **14,047** | **19,377** | **23,333** | **23,433** | **23,333** | **23,433** |
| Biennial Change in Expenditures | | | | (11,375) | | 13,342 | | 13,342 |
| Biennial % Change in Expenditures | | | | (25) | | 40 | | 40 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 3001 - Federal TANF

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Receipts | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| **Expenditures** | **140** | **140** | **140** | **140** | **140** | **140** | **140** | **140** |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 0 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Child & Community Service Grants

Child Protection:
(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_000152)
Adult Protective Services Unit:
(http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=id_005710)

## AT A GLANCE

In 2017:

- 30,927 reports of child abuse and neglect were assessed involving 39,606 children
- 1,563 children were either adopted or had a permanent transfer of legal custody to a relative
- 57,180 reports of suspected maltreatment of a vulnerable adult were received, screened and dispatched
- 27,969 reports of suspected maltreatment of a vulnerable adult were assessed by a county
- 7,962 reports of suspected maltreatment of a vulnerable adult were investigated by a county
- All funds spending for the Children & Community Services activity for FY 2017 was $88.6 million. This represented 0.56 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Under the state Vulnerable Children and Adult Act, Child and Community Services Grants provide funding to support core safety services for vulnerable children and adults, including response to reports of maltreatment, assessments of safety and risk, case management and other supportive services that help keep children and adults safely in their own homes.

The grants provide funding that support counties' administrative responsibility for child protection services and foster care. The funding also helps counties to purchase or provide these services for children, vulnerable adults and families.

## SERVICES PROVIDED

Funding through these grants provides core safety services that focus on preventing or remedying vulnerable adult maltreatment and child neglect, preserving and rehabilitating families, and providing for community-based care. Services include:

- Response to reports of child and adult maltreatment, and assessment of safety and risk of harm
- Adoption and foster care supports for children
- Case management and counseling

Children and Community Services Grants provide child protection services to help keep more children out of foster care and safely with their families, and to decrease the disproportionate number of children of color in out-of-home placements. They help ensure that vulnerable children and adults are better protected and receive support services in their communities.

Allocated to counties through the state's Vulnerable Children and Adult Act, these grants include state funds and the federal Social Services Block Grant.

This budget activity also includes a smaller set of grant funds that support initiatives by the White Earth and Red Lake Nations to operate their own human services systems.

## RESULTS

The Department of Human Services monitors the performance of counties in delivering child welfare and adult protective services. Minnesota outcomes match or exceed most federal child welfare standards. Efforts to engage families early and collaboratively with evidence-based interventions have resulted in improving safety and timely permanency outcomes for children.

| *Type of Measure* | *Name of Measure* | *2014* | *2015* | *2016* | *2017* |
|---|---|---|---|---|---|
| Quality | Percent of children not experiencing repeated abuse or neglect within 12 months of a prior report | 94.3% | 94.5% | 91.8% | 91% |
| Quality | Percent of all children who enter foster care in the previous year that are discharged to permanency (i.e., reunification with parents, caregivers, living with relative, guardianship, adoption) within 12 months | 60% | 56.1% | 50.6% | 47.5% |
| Quality | Percent of all children in foster care who had been in care between 12 and 23 months on the first day of the year that were discharged to permanency within 12 months of the first day of the year | 50% | 44.8% | 48.1% | 51.2% |
| Quality | Percent of all children in foster care who had been in care for 24 months or more on the first day of the year that were discharged to permanency within 12 months of the first day of the year | 17.4% | 23.1% | 25.2% | 28.8% |

Performance Measures notes:
Measures provided by the Child Safety and Permanency Division at the Department of Human Services

Also see the DHS Child Welfare Data Dashboard (www.dhs.state.mn.us/main/idcplg?dcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs16_148137).

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The legal authority for the Vulnerable Children and Adult Act is in M.S. chapter 256M (https://www.revisor.mn.gov/statutes/?id=256M). This Act establishes a fund to address the needs of vulnerable children and adults in each county under a service plan agreed to by each county board and the commissioner of human services.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 56,301 | 58,201 | 58,201 | 58,201 | 58,201 | 58,201 | 59,201 | 59,701 |
| 3000 - Federal | 30,322 | 30,362 | 30,227 | 30,738 | 30,737 | 30,737 | 30,737 | 30,737 |
| **Total** | **86,623** | **88,563** | **88,428** | **88,939** | **88,938** | **88,938** | **89,938** | **90,438** |
| Biennial Change | | | | 2,181 | | 509 | | 3,009 |
| Biennial % Change | | | | 1 | | 0 | | 2 |
| Governor's Change from Base | | | | | | | | 2,500 |
| Governor's % Change from Base | | | | | | | | 1 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 86,623 | 86,663 | 86,528 | 87,039 | 87,038 | 87,038 | 88,038 | 88,538 |
| Other Financial Transaction | | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 |
| **Total** | **86,623** | **88,563** | **88,428** | **88,939** | **88,938** | **88,938** | **89,938** | **90,438** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 56,301 | 58,201 | 58,201 | 58,201 | 58,201 | 58,201 | 59,201 | 59,701 |
| **Expenditures** | **56,301** | **58,201** | **58,201** | **58,201** | **58,201** | **58,201** | **59,201** | **59,701** |
| Biennial Change in Expenditures | | | | 1,900 | | 0 | | 2,500 |
| Biennial % Change in Expenditures | | | | 2 | | 0 | | 2 |
| Governor's Change from Base | | | | | | | | 2,500 |
| Governor's % Change from Base | | | | | | | | 2 |
| **3000 - Federal** | | | | | | | | |
| Receipts | 30,322 | 30,362 | 30,227 | 30,738 | 30,737 | 30,737 | 30,737 | 30,737 |
| **Expenditures** | **30,322** | **30,362** | **30,227** | **30,738** | **30,737** | **30,737** | **30,737** | **30,737** |
| Biennial Change in Expenditures | | | | 281 | | 509 | | 509 |
| Biennial % Change in Expenditures | | | | 0 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Child & Economic Support Grants

SNAP (mn.gov/dhs/people-we-serve/children-and-families/economic-assistance/food-nutrition/programs-and-services/supplemental-nutrition-assistance-program.jsp)
Activity Website: Economic Opportunity (http://www.dhs.state.mn.us/main/id_002550)

## AT A GLANCE

Annually:

- More than 429,000 Minnesotans receive help through the Supplemental Nutrition Assistance Program (SNAP) every month; the average monthly benefit is $112 per person.
- More than 11,400 people receive emergency shelter and services with state and federal funds.
- More than 4,700 individuals in 2,600 households receive transitional housing services
- All funds spending for the Child & Economic Support Grants activity for FY 2017 was $492 million. This represented 3.09 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

People living in poverty often face numerous barriers and have complex needs. Through the Children and Economic Support Grants activity the Department of Human Services (DHS) funds efforts to stabilize both short-term crises and long-term strategies to help people leave poverty and sustain financial security for themselves and their families.

The largest part of this budget activity is federal funding for the Supplemental Nutrition Assistance Program (SNAP), which amounted to over $449 million in FY 2017. Outreach and nutrition education are conducted under this activity. These efforts help keep more people fed and healthy, and increase nutrition assistance participation.

DHS also administers nearly 200 grants annually to more than 100 organizations through the Children and Economic Support Grant activity. These grants help people in poverty meet their basic needs for food, clothing and shelter. Funds are also used to help people get the skills, knowledge and motivation to become more self-reliant. Without these funds, more people would be hungry, homeless and poor.

## SERVICES PROVIDED

Children and Economic Support Grants fund food, housing, poverty reduction, and financial capability services for low-income families and individuals. Services include:

- Help for low income persons to purchase food and associated outreach and education activities funded through the federal SNAP program.
- Help under the Minnesota Food Assistance Program (MFAP) for legal non-citizens who do not qualify for federal SNAP due to citizenship status
- Funding for food banks, food shelves and on-site meal programs
- Help for homeless individuals and families to find safe and stable housing
- Supportive services for people who experience long-term homelessness
- Emergency shelter and essential services for homeless adults, children, and youth
- Specialized emergency shelter and services for youth who have been victims of sex trafficking
- Funding, training, and technical assistance to counties and tribes for services to reduce barriers for long-term homeless adults, youth and families.

These grants also support:

- Programs administered by regional Community Action Agencies that help low-income people become more economically secure
- Financial capability services through the Family Assets for Independence in Minnesota (FAIM) and related financial education initiatives.

In addition to the federal funding for SNAP, other funding sources include state grants and federal grants from the U.S. Departments of Agriculture (USDA), Health and Human Services (HHS), Housing and Urban Development (HUD) as well as private foundations.

## RESULTS

Several programs, such as the Transitional Housing Program and Homeless Youth Act help people with their shelter needs.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Results | Percent of transitional housing participants that moved into permanent housing. | 72% | 74% | 2014<br>2016 |
| Quality | Percent of transitional housing participants that maintained permanent housing six months or more | 66% | 70% | 2014<br>2016 |
| Quantity | Number of youth heads of household served in emergency shelter or in housing. | 690 | 1549 | 2015<br>2017 |

Measures provided by Economic Assistance & Employment Support Division at the Department of Human Services.

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The legal authority for the Children and Economic Support Grants activities comes from:
Minnesota Food Assistance Program, M.S. sec. 256D.053 (https://www.revisor.mn.gov/statutes/?id=256D.053)
Community Action Programs, M.S. secs. 256E.30 to 256E.32 (https://www.revisor.mn.gov/statutes/?id=256E.30)
Transitional Housing Programs, M.S. sec. 256E.33 (https://www.revisor.mn.gov/statutes/?id=256E.33)
Minnesota Food Shelf Program, M.S. sec. 256E.34 (https://www.revisor.mn.gov/statutes/?id=256E.34)
Family Assets for Independence in Minnesota (FAIM), M.S. sec. 256E.35 (https://www.revisor.mn.gov/statutes/?id=256E.35)
Emergency Services Grants, M.S. sec. 256E.36 (https://www.revisor.mn.gov/statutes/?id=256E.36)
Homeless Youth Act, M.S. sec. 256K.45 (https://www.revisor.mn.gov/statutes/?id=256k.45)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 18,899 | 19,180 | 22,999 | 24,562 | 22,065 | 22,065 | 22,065 | 22,065 |
| 2000 - Restrict Misc Special Revenue | 31 | 1,389 | 4 | 47 | | | | |
| 2365 - Opioid Stewardship | | | | | | | 4,000 | 4,000 |
| 3000 - Federal | 472,200 | 464,727 | 431,039 | 496,803 | 492,260 | 492,260 | 492,260 | 492,260 |
| **Total** | **491,129** | **485,296** | **454,042** | **521,412** | **514,325** | **514,325** | **518,325** | **518,325** |
| Biennial Change | | | | (972) | | 53,196 | | 61,196 |
| Biennial % Change | | | | (0) | | 5 | | 6 |
| Governor's Change from Base | | | | | | | | 8,000 |
| Governor's % Change from Base | | | | | | | | 1 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 30 | 74 | 104 | 5 | 5 | 5 | 5 | 5 |
| Grants, Aids and Subsidies | 489,845 | 483,760 | 452,623 | 521,407 | 514,320 | 514,320 | 518,320 | 518,320 |
| Other Financial Transaction | 1,254 | 1,462 | 1,315 | | | | | |
| **Total** | **491,129** | **485,296** | **454,042** | **521,412** | **514,325** | **514,325** | **518,325** | **518,325** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 274 | | 672 | | | | |
| Direct Appropriation | 19,783 | 20,037 | 23,965 | 23,975 | 22,065 | 22,065 | 22,065 | 22,065 |
| Transfers In | 1,103 | 1,281 | 1,465 | 1,675 | 1,675 | 1,675 | 1,675 | 1,675 |
| Transfers Out | 1,103 | 1,281 | 1,550 | 1,760 | 1,675 | 1,675 | 1,675 | 1,675 |
| Cancellations | 610 | 1,131 | 209 | | | | | |
| Balance Forward Out | 274 | | 672 | | | | | |
| **Expenditures** | **18,899** | **19,180** | **22,999** | **24,562** | **22,065** | **22,065** | **22,065** | **22,065** |
| Biennial Change in Expenditures | | | | 9,482 | | (3,431) | | (3,431) |
| Biennial % Change in Expenditures | | | | 25 | | (7) | | (7) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 125 | 37 | 51 | 47 | | | | |
| Receipts | (231) | 1,832 | | | | | | |
| Transfers In | 174 | 4 | | | | | | |
| Transfers Out | | 432 | | | | | | |
| Balance Forward Out | 37 | 51 | 47 | | | | | |
| **Expenditures** | **31** | **1,389** | **4** | **47** | | | | |
| Biennial Change in Expenditures | | | | (1,369) | | (51) | | (51) |
| Biennial % Change in Expenditures | | | | (96) | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **2365 - Opioid Stewardship** | | | | | | | | |
| Direct Appropriation | | | | | | | 4,000 | 4,000 |
| **Expenditures** | | | | | | | **4,000** | **4,000** |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 8,000 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 8,000 |
| Governor's % Change from Base | | | | | | | | |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 38 | 129 | 59 | | | | | |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Receipts | 472,161 | 464,600 | 430,980 | 496,803 | 492,260 | 492,260 | 492,260 | 492,260 |
| Balance Forward Out | 1 | 3 | | | | | | |
| **Expenditures** | **472,200** | **464,727** | **431,039** | **496,803** | **492,260** | **492,260** | **492,260** | **492,260** |
| Biennial Change in Expenditures | | | | (9,084) | | 56,678 | | 56,678 |
| Biennial % Change in Expenditures | | | | (1) | | 6 | | 6 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Refugee Services Grants

mn.gov/dhs/people-we-serve/children-and-families/services/refugee-assistance/e

## AT A GLANCE

- In 2017, an average of 1,835 people per month received employment and social services through Refugee Services grants.
- The average monthly cost per recipient in 2017 was $416 for employment-related services such as assessment, employment development planning, supported job search, placement and follow-up services.
- All funds spending for the Refugee Services Grants activity for FY 2017 was $6.4 million. This represented 0.04 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Refugees are individuals who fled their country of origin and are unable to return because of a well-founded fear of persecution. When no other options exist, the United States, as well as most Western nations, provides refugees an opportunity for permanent resettlement. Most refugees resettled in Minnesota over the last decade have been from Somalia, Burma, Laos, Ethiopia, Liberia, Bhutan, Iraq and Moldova.

Refugee Services Grants provide assistance to refugees, asylees and victims of human trafficking to resettle in Minnesota. These federally-funded grants are provided to state and local agencies, including county and voluntary resettlement agencies, school districts and community agencies to enhance human, health, educational, employment and training services. Absent these services, fewer refugees will find work and more will lack the medical, social and financial supports necessary to resettle successfully.

## SERVICES PROVIDED

The Department of Human Services (DHS) Refugee Resettlement Programs Office works with many others to support the effective resettlement of refugees in Minnesota by coordinating services to help refugees transition to life in the United States. These services may include: resettlement and placement; food, cash and health care assistance; employment services; or social services.

Most refugees who resettle in Minnesota are members of families with minor children who qualify for the same cash assistance (Minnesota Family Investment Program) and health care programs available to state residents with low incomes. Refugees who do not qualify for one or both of these programs can apply for Refugee Cash Assistance (RCA) and Refugee Medical Assistance (RMA). These programs are available for the first eight months after refugees arrive in Minnesota. Applications for these programs are taken at county human services agencies and at voluntary resettlement agencies for refugees in the Twin Cities metro area and Olmsted County. The Resettlement Programs Office works to ensure existing systems and supports that are available to Minnesota residents are also accessible to residents with refugee status.

In addition, Refugee Services Grants support limited supplemental services for refugees, including:

- Supported employment services and transportation
- Case management services
- Information and referral
- Translation and interpreter services
- Citizenship and naturalization preparation services

- Refugee student services
- Health screening coordination

Grants are used to supplement existing services to better meet the needs of refugees through local community partners, counties, and refugee communities to ensure refugees and their families are healthy, stable and live and work in strong, welcoming communities. The activity is funded with federal grants from the United States Department of Health and Human Services.

## RESULTS

The DHS Resettlement Programs Office uses several client outcome indicators to measure performance and determine the effectiveness of our grant management activity.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Results | Percent of refugees employed within the same year of enrollment | 68% | 69% | Sept.2015<br>Sept 2017 |
| Quantity | Percent of refugees receiving health screening within 90 days of arrival | 97% | 97% | Sept.2015<br>Sept 2017 |
| Result | Job retention rate within 90 days | 75% | 79% | Sept.2015<br>Sept 2017 |
| Quantity | Average hourly wage | $9.99 | $11.60 | Sept.2015<br>Sept 2017 |

Performance Measure Note: The average hourly wage is the average wage over the previous year for all participants.

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The legal authority for the Refugee Services Grants activities comes from federal law: 45 CFR 400

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 3000 - Federal | 6,351 | 6,380 | 4,606 | 6,640 | 6,395 | 6,195 | 6,395 | 6,195 |
| **Total** | **6,351** | **6,380** | **4,606** | **6,640** | **6,395** | **6,195** | **6,395** | **6,195** |
| Biennial Change | | | | (1,485) | | 1,344 | | 1,344 |
| Biennial % Change | | | | (12) | | 12 | | 12 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 365 | 227 | 279 | 435 | 435 | 435 | 435 | 435 |
| Grants, Aids and Subsidies | 5,986 | 6,153 | 4,327 | 6,205 | 5,960 | 5,760 | 5,960 | 5,760 |
| **Total** | **6,351** | **6,380** | **4,606** | **6,640** | **6,395** | **6,195** | **6,395** | **6,195** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 1 | 26 | 69 | | | | | |
| Receipts | 6,351 | 6,353 | 4,537 | 6,640 | 6,395 | 6,195 | 6,395 | 6,195 |
| **Expenditures** | **6,351** | **6,380** | **4,606** | **6,640** | **6,395** | **6,195** | **6,395** | **6,195** |
| Biennial Change in Expenditures | | | | (1,485) | | 1,344 | | 1,344 |
| Biennial % Change in Expenditures | | | | (12) | | 12 | | 12 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grants Program
# Activity: Health Care Grants

## AT A GLANCE

- There are currently 655 navigators and in person assisters available statewide to aid people in obtaining health care coverage.
- Navigators and in person assisters provided application assistance to over 61,000 individuals or families enrolled in public health care programs during FY 2017
- All of Minnesota's 87 counties collect and track Child and Teen Check-up immunization data with the help of grant funds from this activity.
- All funds spending for the Health Care Grants activity for FY 2017 was $30.2 million. This represents 0.2 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Health Care Grants activity funding provides supports, infrastructure investments and outreach. These grants benefit enrollees in Minnesota Health Care Programs (Medical Assistance (MA) and MinnesotaCare) and some uninsured or underinsured individuals. These grants have historically targeted projects or work that supplements the direct health care services funded under the MA or MinnesotaCare programs.

Some grants in this budget activity augment the agency's own operational efforts. In doing so, we engage experts outside of the Department of Human Services (DHS) to help ensure that eligible Minnesotans are enrolled in the appropriate health care program and that those enrolled, especially our youngest and/or most vulnerable or hard to reach, receive the needed health care for which they are eligible.

## SERVICES PROVIDED

The particular set of active health care grants in this budget activity administered by DHS can change over time depending on the length of the funding or project. Health care grants may be for one year or may be ongoing. Grantees can range from providers, counties, or community organizations.

Funding is generally dedicated to a specific project, demonstration or function as directed by legislation. The grants currently funded under this budget activity include:

- **In Person Assister and Minnesota Community Application Agent (MNCAA) Programs.** These funds provide incentive payments to entities assisting people applying to and enrolling in MinnesotaCare and Medical Assistance.
- **Emergency Medical Assistance Referral and Assistance Grants**: These grants fund organizations to provide immigration legal assistance to people with emergency medical conditions whose immigration status is a barrier to Medical Assistance or MinnesotaCare eligibility. In 2016 and 2017, these funds supported legal assistance to 268 people receiving care through Emergency Medical Assistance (EMA). 87 of these individuals became eligible for MA or MinnesotaCare because of changes in their immigration status.
- **Immunization Registry Grants.** Provides administrative funds for counties to support immunization registries
- **Child and Teen Checkup Grants:** Provides funding to over 50 tribes and community health boards for outreach and education to children on Medical Assistance related to Child and Teen Checkup services.

- **Integrated Care for High Risk Pregnancies (ICHRP).** This pilot program provides funding for community-led collaborative care models to improve birth outcome disparities in the MA program. ICHiRP grants support planning, systems development, and the integration of medical, chemical dependency, public health, social services, and child welfare coordination to reduce maternal opiate use and improve birth outcomes. Grantees include 5 American Indian Tribal Organizations and three community based organizations in the metro area that promote the healthy development of African American babies.
- **Minnesota Medicaid Promoting Interoperability Program (formerly the EHR Incentive Program).** Distributes federal funds to eligible providers and hospitals that purchase and use a certified electronic health record. The goal of the Promoting Interoperability program is to improve the patient experience of health care and population health, at a reduced cost to providing care. In FY2017, this program allocated $20,715,378 in federal funding to a total of 1,841 eligible providers and hospitals across the State.

Health Care Grants are funded with appropriations from the state general fund, health care access fund and with federal funds.

## RESULTS

The Health Care Grants activity contributes to the statewide goal of reducing the percentage of Minnesotans that do not have health insurance. DHS collects information on the number of successful applications completed by application agents under the MNCAA and In Person Assister programs.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Enrollees receiving support from MNCAAs/In Person Assisters[1] | 40,922 | 61,138 | FY2015 and FY2017 |
| Quantity | Individuals receiving immigration legal assistance | 112 | 156 | 2016 and 2017 |

1. Measure is the number of MNCAAs and In Person Assisters receiving incentive payments as reported by MNsure and DHS staff.

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Minnesota Statutes section 256.962 provides the authority to provide incentives for application assistance under the MNCAA program.

Minnesota Statutes section 256B.021 is the legal authority for grants related to reforms in the Medical Assistance program.

Minnesota Statutes section 62V.05 provides authority for the In Person Assister program.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 207 | 2,251 | 3,902 | 5,011 | 3,711 | 3,711 | 3,711 | 3,711 |
| 2360 - Health Care Access | 1,322 | 1,345 | 1,216 | 3,465 | 3,465 | 3,465 | 3,465 | 3,465 |
| 3000 - Federal | 37,912 | 26,628 | 30,777 | 90,390 | 80,390 | 75,390 | 80,390 | 75,390 |
| **Total** | **39,442** | **30,224** | **35,895** | **98,866** | **87,566** | **82,566** | **87,566** | **82,566** |
| Biennial Change | | | | 65,096 | | 35,371 | | 35,371 |
| Biennial % Change | | | | 93 | | 26 | | 26 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 2,006 | 1,380 | 1,214 | 5,615 | 5,615 | 5,615 | 5,615 | 5,615 |
| Grants, Aids and Subsidies | 37,435 | 28,378 | 34,432 | 93,251 | 81,951 | 76,951 | 81,951 | 76,951 |
| Other Financial Transaction | | 466 | 248 | | | | | |
| **Total** | **39,442** | **30,224** | **35,895** | **98,866** | **87,566** | **82,566** | **87,566** | **82,566** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | | | 900 | | | | |
| Direct Appropriation | 536 | 2,482 | 5,519 | 4,111 | 3,711 | 3,711 | 3,711 | 3,711 |
| Cancellations | 329 | 231 | 717 | | | | | |
| Balance Forward Out | | | 900 | | | | | |
| **Expenditures** | **207** | **2,251** | **3,902** | **5,011** | **3,711** | **3,711** | **3,711** | **3,711** |
| Biennial Change in Expenditures | | | | 6,455 | | (1,491) | | (1,491) |
| Biennial % Change in Expenditures | | | | 263 | | (17) | | (17) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2360 - Health Care Access** | | | | | | | | |
| Direct Appropriation | 3,341 | 3,465 | 3,465 | 3,465 | 3,465 | 3,465 | 3,465 | 3,465 |
| Cancellations | 2,019 | 2,120 | 2,249 | | | | | |
| **Expenditures** | **1,322** | **1,345** | **1,216** | **3,465** | **3,465** | **3,465** | **3,465** | **3,465** |
| Biennial Change in Expenditures | | | | 2,014 | | 2,249 | | 2,249 |
| Biennial % Change in Expenditures | | | | 76 | | 48 | | 48 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 19 | 23 | 66 | 89 | | | | |
| Receipts | 37,894 | 26,605 | 30,800 | 90,301 | 80,390 | 75,390 | 80,390 | 75,390 |
| Balance Forward Out | | | 89 | | | | | |
| **Expenditures** | **37,912** | **26,628** | **30,777** | **90,390** | **80,390** | **75,390** | **80,390** | **75,390** |
| Biennial Change in Expenditures | | | | 56,627 | | 34,613 | | 34,613 |
| Biennial % Change in Expenditures | | | | 88 | | 29 | | 29 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Other Long-Term Care Grants

## AT A GLANCE

- The Home and Community-Based Service (HCBS) Incentive Pool funding was awarded to 11 grantees in FY 2017 and 35 grantees in FY 2018, the first year of full implementation of the program. Approximately 425 people were served in FY 2018.
- The Other Long-Term Care grants budget activity was established in FY2016. All funds spending for the Other Long-Term Care grants activity for FY 2017 was $1.6 millon.

## PURPOSE & CONTEXT

The purpose of other long-term care grants is to serve more people in community-based settings and to encourage creativity in how services are delivered for people with disabilities, mental illness, and seniors.

Currently, there are three grants that are included in Other Long-Term Care Grants, which will expand as more cross-population grants are developed. The HCBS Incentive Pool grant incentivizes providers to innovate in achieving integrated competitive employment, living in the most integrated setting, and other outcomes. The Incentive pool began distributing funds in FY 2017. There are two Money Follows the Person (MFP) grants: the Rebalancing Demonstration grant and the Tribal grant.[i]

## SERVICES PROVIDED

- The Home and Community-Based Service (HCBS) Incentive Pool rewards providers, service recipients, and other entities for innovation in achieving outcomes that improve quality of life, including integrated, competitive employment and living in the most integrated setting in the community. In FY 2017, the funds were distributed via a request for proposal (RFP) process. There are three ways that the money was distributed:
    1. Large grants. These grants incent innovation in HCBS services by using pay for performance concepts and models that utilize outcome-based payments. For the purpose of the RFPs, outcome-based payments consist of financial incentives based on the outcomes proposed, produced and achieved.
    2. Micro grants. The micro grant program provides modest amounts of money to people with disabilities so they can accomplish their own goals and aspirations. The funds complement and supplement what can already be paid for through other sources of funds and have a lasting and ongoing impact for the micro-grant recipient.
    3. Small grants. This is for grants of under $50,000 per year for 1-3 years. This solicits participation from diverse grantees, beyond typical responders. This could include individuals, small groups, sole proprietors, small businesses, etc.
- Under the Money Follows the Person (MFP) Rebalancing Demonstration grant, rebalancing funds may be used by the state to invest in or support activities that will promote improvements to the state's delivery of long-term services and supports and move the state toward more integrated and inclusive community-based service delivery systems. MFP awards are eligible for enhanced federal financial participation (FFP) which is deposited into the special revenue fund and will be paid out starting in FY 2019.
- Funds under the Money Follows the Person Tribal Initiative is used to improve access to community-based long-term care services and supports (CB-LTSS) for American Indians and Alaska Natives who have been in an institutional setting for over 90 days. In addition, the Tribal Initiative may be used to advance the

development of an infrastructure required to implement CB-LTSS for American Indians and Alaska Natives using a single, or a variety of applicable Medicaid authorities. Funding is intended to support the planning and development of:

1. An in-state Medicaid program CB-LTSS (as an alternative to institutional care) tailored for American Indians and Alaska Natives who are presently receiving services in an institution; and
2. A service delivery structure that includes a set of administrative functions delegated by the state Medicaid agency to Tribes or Tribal organizations, such as enabling tribe(s) to design an effective program or package of Medicaid CB- LTSS, and operating day-to-day functions pertaining to the LTSS program(s).

The Tribal Initiative may be used to cover costs necessary to plan and implement activities consistent with the objectives of this funding and within Federal grant regulations. The funds are subject to all the terms and conditions of the MFP Program. Tribal Initiative is funded through a federal grant.

## RESULTS

The agency monitors data, reviews counties, and administers surveys to consumers to evaluate services. Minnesota has seen continuous improvement in the number of people with disabilities served by community-based rather than institution-based services.

More information is also available on the DHS dashboard (http://dashboard.dhs.state.mn.us/) and the Continuing Care Performance Report (http://mn.gov/dhs/partners-and-providers/continuing-care/data-measures/public-planning-performance-reporting/performance-reports.jsp).

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of working age people on certain Medical Assistance programs earning $600 or more per month.[1] | 12.2% | 15.7% | FY 2014 to FY 2016 |
| Result | Percent of people with disabilities who receive home and community-based services at home.[2] | 53.1% | 58.5% | 2013 to 2017 |

Performance Measures Notes:

1. Measure compares monthly earnings for people age 18-64 who receive services from one of the following Medical Assistance programs: Home and Community-Based Waiver Services, Mental Health Targeted Case Management, Adult Mental Health Rehabilitative Services, Assertive Community Treatment and Medical Assistance for Employed Persons with Disabilities (MA-EPD). Source: DHS Data Warehouse.
2. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse.

[i] The Money Follows the Person grant accounts were under the Disability Grants budget activity in FY16-17. These grants were transferred to Other Long Term Care Grant accounts in FY2018.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | | 1,344 | 2,480 | 2,925 | 1,925 | 1,925 | 1,925 | 1,925 |
| 2000 - Restrict Misc Special Revenue | | | | 3,282 | 1,508 | 1,127 | 1,508 | 1,127 |
| 3000 - Federal | 129 | 265 | 346 | 1,335 | 726 | 49 | 726 | 49 |
| **Total** | **129** | **1,609** | **2,827** | **7,542** | **4,159** | **3,101** | **4,159** | **3,101** |
| Biennial Change | | | | 8,630 | | (3,109) | | (3,109) |
| Biennial % Change | | | | 497 | | (30) | | (30) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 129 | 1,534 | 2,622 | 6,397 | 3,471 | 3,052 | 3,471 | 3,052 |
| Other Financial Transaction | | 75 | 205 | 1,145 | 688 | 49 | 688 | 49 |
| **Total** | **129** | **1,609** | **2,827** | **7,542** | **4,159** | **3,101** | **4,159** | **3,101** |

*(Dollars in Thousands)*

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|---|---|---|---|---|---|---|---|---|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| **1000 - General** | | | | | | | | |
| Direct Appropriation | | 1,344 | 2,500 | 2,925 | 1,925 | 1,925 | 1,925 | 1,925 |
| Cancellations | | | 20 | | | | | |
| **Expenditures** | | **1,344** | **2,480** | **2,925** | **1,925** | **1,925** | **1,925** | **1,925** |
| Biennial Change in Expenditures | | | | 4,061 | | (1,555) | | (1,555) |
| Biennial % Change in Expenditures | | | | | | (29) | | (29) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | | 600 | 1,665 | 3,098 | 2,490 | 2,490 | 2,490 | 2,490 |
| Receipts | | | | 1,127 | 1,127 | 1,127 | 1,127 | 1,127 |
| Transfers In | 600 | 1,065 | 1,433 | 1,547 | 381 | | 381 | |
| Balance Forward Out | 600 | 1,665 | 3,098 | 2,490 | 2,490 | 2,490 | 2,490 | 2,490 |
| **Expenditures** | | | | **3,282** | **1,508** | **1,127** | **1,508** | **1,127** |
| Biennial Change in Expenditures | | | | 3,282 | | (647) | | (647) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Receipts | 129 | 265 | 346 | 1,335 | 726 | 49 | 726 | 49 |
| **Expenditures** | **129** | **265** | **346** | **1,335** | **726** | **49** | **726** | **49** |
| Biennial Change in Expenditures | | | | 1,287 | | (906) | | (906) |
| Biennial % Change in Expenditures | | | | 327 | | (54) | | (54) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Aging & Adult Services Grants

mn.gov/dhs/people-we-serve/seniors/

## AT A GLANCE

- Provides congregate dining to 38,000 people and home delivered meals to 12,000 people.
- Supports more than 17,000 older volunteers per year who provide services through the Retired and Senior Volunteer Program (RSVP), Foster Grandparents, and Senior Companions.
- Provides comprehensive assistance and individualized help to more than 125,000 individuals through over 277,000 calls in 2017 through the Senior LinkAge Line®.
- Funds home and community-based service options for more than 11,000 people and increased capacity by 8,700 volunteers through the Community Service/Services Development (Live Well at Home) grant program.
- All funds spending for the Aging & Adult Services Grants activity was $50.2 million in FY2017. This represented 0.3 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The purpose of Aging and Adult Services Grants is to provide non-medical social services and supports for older Minnesotans and their families to allow older adults to stay in their own homes and avoid institutionalization.

These funds increase the number and kind of service options for older Minnesotans in both urban and rural communities. This gives greater opportunity for Minnesotans to age at home. Several of the state grant programs are coordinated with the services provided under the federal Older Americans Act (OAA). Federal OAA funds in Minnesota are administered through the Minnesota Board on Aging. These funds provide core social services to at-risk older adults and their family caregivers who are not yet eligible for public programs. Services are targeted to people with the greatest social and economic need.

## SERVICES PROVIDED

Aging and Adult Services Grants promote affordable services that are both dependable and sustainable. These grants are often used along with local private money, including donations. Aging and Adult Services grants provide:

- Nutritional services including congregate meals, home-delivered meals, and grocery delivery.
- Increased service options for older Minnesotans through service development activities funded by the Community Service/Community Services Development (CS/SD), Family Caregiver Support, and ElderCare Development Partnership (EDP) grant programs. Those services include: transportation, help with chores, help with activities of daily living, evidence-based health promotion, chronic disease management, falls prevention services, respite and other supportive services to family caregivers, and other services that help people stay in their own homes.
- Support to older volunteers who provide services through the Retired and Senior Volunteer Program, Foster Grandparent, and Senior Companion programs.
- Comprehensive and individualized help through the Senior LinkAge Line®. The Senior LinkAge Line® trains long-term care options counselors that assist individuals to find community resources and financing options for beneficiaries of all ages.
- Information about community-based resources and customized long-term care planning tools through www.minnesotahelp.info, (http://www.minnesotahelp.info/) a web-based database of over 45,000 services.

- Long-term care options counseling services provided by the Senior LinkAge Line®, known as Return to Community, that help people successfully remain in their homes after discharge from a nursing home. Since the launch of this service in 2010 and through 2017, over 14,000 consumers have been contacted for discharge support. Of those 14,000, direct assistance was provided to over 3,400 older adults at their request to return home and nearly 1,100 are receiving five years of follow up at home.
- Home and community-based services quality information which includes a tool to help people who need long-term services and supports and their caregivers find and locate services. The tool includes 340 features about services. In addition, consumer reviews are being piloted for assisted living providers, supported employment and independent living services.
- Core Service provides grants to nonprofit providers who deliver in-home and community-based services to older adults. These grants expand the number of organizations that can be supported, which increases the number of individuals served.

The Agency administers these grants in partnership with regional Area Agencies on Aging, counties, tribes, and community providers.

## RESULTS

Minnesota has seen improvement in the proportion of older adults served by community-based rather than institution-based services. The percent of older adults served in the community has improved over the past four years. Through our partners, we surveyed users of the Senior LinkAge Line® and found a consistent proportion of people would recommend Senior LinkAge Line® services to others.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of older adults served by home and community-based services[1] | 68.4% | 72.9% | 2013 to 2017 |
| Quality | Percent of consumers who would recommend the Senior LinkAge Line® to others[2] | 93% | 94% | 2012 to 2017 |
| Quantity | Number of people who have moved from nursing homes back to the community through the Return to Community Initiative to date[3] | 2,896 | 5,229 | Q4 2015 to Q4 2017 |

Results Notes:

1. Measure 1 compares FY2013 to FY2017. This measure shows the percentage of older adults receiving publicly-funded long-term services and supports who receive home and community-based services through the Elderly Waiver, Alternative Care, or home care programs instead of nursing home services. (Source: MMIS Claims)
2. Measure 2 compares 2012 data to 2017 data (Source: Consumer Surveys, Web Referral database)
3. Measure 3 compares cumulative quarter 4 CY2015 data to quarter 4 CY2017 data (Source: Return to Community Database)

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M.S. sections 256B.0917 (https://www.revisor.mn.gov/statutes/?id=256B.0917) and 256B.0922 (https://www.revisor.mn.gov/statutes/?id=256B.0922) provide the legal authority for Aging and Adult Services Grants. M.S. section 256.975 (https://www.revisor.mn.gov/statutes/?id=256.975) created the Minnesota Board on Aging.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 26,411 | 26,434 | 30,724 | 32,437 | 32,811 | 32,995 | 31,811 | 31,995 |
| 2001 - Other Misc Special Revenue | 130 | | | 300 | | | | |
| 3000 - Federal | 21,508 | 23,808 | 24,271 | 25,931 | 26,474 | 26,246 | 26,474 | 26,246 |
| **Total** | **48,048** | **50,242** | **54,994** | **58,668** | **59,285** | **59,241** | **58,285** | **58,241** |
| Biennial Change | | | | 15,372 | | 4,864 | | 2,864 |
| Biennial % Change | | | | 16 | | 4 | | 3 |
| Governor's Change from Base | | | | | | | | (2,000) |
| Governor's % Change from Base | | | | | | | | (2) |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | (159) | 85 | 1,984 | 1,819 | 1,819 | 1,819 | 1,819 | 1,819 |
| Grants, Aids and Subsidies | 47,991 | 49,887 | 52,960 | 56,849 | 57,466 | 57,422 | 56,466 | 56,422 |
| Other Financial Transaction | 216 | 270 | 50 | | | | | |
| **Total** | **48,048** | **50,242** | **54,994** | **58,668** | **59,285** | **59,241** | **58,285** | **58,241** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 28,463 | 28,162 | 30,786 | 32,437 | 32,811 | 32,995 | 31,811 | 31,995 |
| Cancellations | 2,052 | 1,728 | 62 | | | | | |
| **Expenditures** | **26,411** | **26,434** | **30,724** | **32,437** | **32,811** | **32,995** | **31,811** | **31,995** |
| Biennial Change in Expenditures | | | | 10,316 | | 2,645 | | 645 |
| Biennial % Change in Expenditures | | | | 20 | | 4 | | 1 |
| Governor's Change from Base | | | | | | | | (2,000) |
| Governor's % Change from Base | | | | | | | | (3) |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 153 | 94 | 75 | | | | | |
| Receipts | 155 | 135 | 33 | | | | | |
| Transfers Out | 214 | 154 | 108 | | | | | |
| Balance Forward Out | 94 | 75 | | | | | | |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Receipts | 130 | | | 300 | | | | |
| **Expenditures** | **130** | | | **300** | | | | |
| Biennial Change in Expenditures | | | | 170 | | (300) | | (300) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 16 | | 63 | | | | | |
| Receipts | 21,491 | 23,809 | 24,208 | 25,931 | 26,474 | 26,246 | 26,474 | 26,246 |
| Balance Forward Out | | 2 | | | | | | |
| **Expenditures** | **21,508** | **23,808** | **24,271** | **25,931** | **26,474** | **26,246** | **26,474** | **26,246** |
| Biennial Change in Expenditures | | | | 4,886 | | 2,518 | | 2,518 |
| Biennial % Change in Expenditures | | | | 11 | | 5 | | 5 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Deaf & Hard of Hearing Grants

mn.gov/dhs/people-we-serve/adults/services/deaf-hard-of-hearing/programs-services/

## AT A GLANCE

- Deaf and Hard of Hearing Grants supported 658 people in FY 2017.
- Participants in deafblind programs chose consumer-directed services option 30 percent of the time in FY 2017.
- Certified Peer Support Specialists worked with 27 people in FY 2017 who are deaf and have a serious mental illness.
- The Deaf & Hard of Hearing Role Model and Deaf Mentor Family programs supported 37 families who have a young child with hearing loss in FY 2017.
- All funds spending for the Deaf and Hard of Hearing Grants activity for FY 2017 was $2.747 million. This represented 0.01 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

National research estimates 20 percent of the population has some degree of hearing loss. In Minnesota, this means approximately 1.1 million people are likely to have some degree of hearing loss. Of those, an estimated 11 percent are deaf and as many as 1,640 individuals are deafblind.

One-third of people between ages 65-74 have hearing loss and nearly half of those over age 75 have hearing loss. According to the Minnesota Department of Health, permanent childhood hearing loss affects 200-400 infants born in Minnesota each year.

Deaf and Hard of Hearing Services grants help Minnesotans of all ages who are deaf, deafblind and hard of hearing with services and supports they need to live independently and be involved in their families and communities. The Deaf and Hard of Hearing Services Division (DHHSD) administers these grants.

## SERVICES PROVIDED

Deaf and Hard of Hearing Grant programs include:

- Sign language interpreter-related services that allow Minnesotans who are deaf, hard of hearing, and deafblind to access every day activities and core services such as medical care, mental health services, human services, the judicial system, and self-help; this activity includes two programs to increase the number of interpreters in Greater Minnesota available to provide community interpreting services and pays travel costs to bring interpreters to areas where there are no local interpreters.
- Deafblind grants to support adults who are both deaf and blind so they can live independently and stay in their own homes. Supports include service providers fluent in American Sign Language and trained in specialized communication methods and assistive technology; consumers have an option for consumer-directed services.
- Services for children who are deafblind to provide experiential learning and language development through service providers called interveners.
- Specialized mental health programs for adults and for children and youth that provide linguistically and culturally appropriate services including home-based outreach, inpatient therapy, outpatient therapy, family counseling, psychological assessments and educational opportunities for families, schools, and mental health providers.
- Certified Peer Support Specialists for individuals who are deaf and have a serious mental illness.

- Mentors who work with families that have children with hearing loss to develop the family's communication competence, including an option to have an American Sign Language mentor or a hard of hearing role model.
- Real-time television captioning grants that allow consumers statewide who are deaf, deafblind, hard of hearing or late deafened to have equal access to their community and statewide live news programming.

We partner with statewide community providers, mental health professionals, local television stations and the Department of Commerce to provide services.

Deaf and Hard of Hearing grants are primarily funded by the state general fund. In addition, the Telecommunications Access Minnesota (TAM) funds collected by the Department of Commerce provide the grants for real-time television captioning of local news programs.

**RESULTS**

People served in deaf and hard of hearing grant-funded programs fill out surveys to measure satisfaction with the quality and timeliness of services. Over the last three years, they have reported a high level of satisfaction with the quality of services. Across the Deaf and Hard of Hearing grant-funded mental health programs, the percent of clients who have completed or are making good progress on their treatment goals remains consistently above 80 percent. In a variety of programs that support families with a child who is deaf, deafblind, or hard of hearing, at least 80 percent of parents report noticeable improvement in their child's progress in communication, social development and community integration as a result of the services they receive.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quality | Percent of consumers in DHHS grant-funded programs who are satisfied with quality of services they received | 94% | 94% | 2014 to 2017 |
| Quality | Percent of consumers in DHHS grant-funded programs who are satisfied with timeliness of the services they received | 86% | 87% | 2014 to 2017 |
| Quality | Percent of clients in DHHS grant-funded mental health programs who completed or are making good progress on their treatment plan goals | 86% | 81% | 2014 to 2017 |
| Quality | Percent of parents in DHHS grant-funded programs who observed progress in the communication ability, community integration and social development of their child who is deaf, hard of hearing, or deafblind. | 83% | 80% | 2014 to 2017 |

Performance Notes:

- Data source: Consumer satisfaction surveys and grantee reports.

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M.S. sections 256.01, subd. 2 (https://www.revisor.mn.gov/statutes/?id=256.01), 256C.233 (https://www.revisor.mn.gov/statutes/?id=256C.233), 256C.25 (https://www.revisor.mn.gov/statutes/?id=256C.25), and 256C.261 (https://www.revisor.mn.gov/statutes/?id=256C.261) provide the legal authority for Deaf and Hard of Hearing grants.

# Deaf & Hard of Hearing Grants

# Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 2,225 | 2,374 | 2,622 | 2,675 | 2,675 | 2,675 | 2,886 | 2,886 |
| 2001 - Other Misc Special Revenue | 240 | 282 | 266 | 266 | 266 | 266 | 266 | 266 |
| 2403 - Gift | | | | 13 | 13 | 13 | 13 | 13 |
| 3000 - Federal | 75 | 91 | 75 | 75 | 75 | 75 | 75 | 75 |
| **Total** | **2,540** | **2,747** | **2,963** | **3,029** | **3,029** | **3,029** | **3,240** | **3,240** |
| Biennial Change | | | | 704 | | 66 | | 488 |
| Biennial % Change | | | | 13 | | 1 | | 8 |
| Governor's Change from Base | | | | | | | | 422 |
| Governor's % Change from Base | | | | | | | | 7 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 19 | 19 | 0 | 13 | 13 | 13 | 13 | 13 |
| Grants, Aids and Subsidies | 2,522 | 2,728 | 2,963 | 3,016 | 3,016 | 3,016 | 3,227 | 3,227 |
| **Total** | **2,540** | **2,747** | **2,963** | **3,029** | **3,029** | **3,029** | **3,240** | **3,240** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 2,225 | 2,375 | 2,675 | 2,675 | 2,675 | 2,675 | 2,886 | 2,886 |
| Cancellations | 0 | 1 | 53 | | | | | |
| **Expenditures** | **2,225** | **2,374** | **2,622** | **2,675** | **2,675** | **2,675** | **2,886** | **2,886** |
| Biennial Change in Expenditures | | | | 698 | | 53 | | 475 |
| Biennial % Change in Expenditures | | | | 15 | | 1 | | 9 |
| Governor's Change from Base | | | | | | | | 422 |
| Governor's % Change from Base | | | | | | | | 8 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 12 | 93 | | | | | | |
| Receipts | 276 | 225 | 300 | 297 | 297 | 297 | 297 | 297 |
| Transfers In | | 0 | | | | | | |
| Transfers Out | 33 | 36 | 34 | 31 | 31 | 31 | 31 | 31 |
| Balance Forward Out | 15 | | | | | | | |
| **Expenditures** | **240** | **282** | **266** | **266** | **266** | **266** | **266** | **266** |
| Biennial Change in Expenditures | | | | 9 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 2 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2403 - Gift** | | | | | | | | |
| Receipts | | | 13 | | 13 | 13 | 13 | 13 |
| **Expenditures** | | | **13** | | **13** | **13** | **13** | **13** |
| Biennial Change in Expenditures | | | 13 | | | 13 | | 13 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **3000 - Federal** | | | | | | | | |
| Receipts | 75 | 91 | 75 | 75 | 75 | 75 | 75 | 75 |
| **Expenditures** | **75** | **91** | **75** | **75** | **75** | **75** | **75** | **75** |
| Biennial Change in Expenditures | | | | (16) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (10) | | 0 | | 0 |

# Deaf & Hard of Hearing Grants

## Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Disabilities Grants

mn.gov/dhs/people-we-serve/people-with-disabilities/services/home-community/a-z/index.jsp

## AT A GLANCE

- The Family Support Grant served 1,985 people in FY 2017
- The Consumer Support Grant supported an average of 2,419 people a month in FY 2017.
- Semi-independent living services served 1,434 people in FY 2017.
- HIV/AIDS programs helped 2,617 people living with HIV/AIDS.
- The Disability Linkage Line, now known as Disability Hub MN, served 28,443 people in FY 2017, had 68,313 contacts with people receiving services, and participated in 163 educational events.
- All funds spending for the Disabilities Grants activity for FY 2017 was $62.6 million. This represented 0.39 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The US Census Bureau estimates that nearly 550,000 or 10.3 percent of Minnesotans have a disability or disabling condition. Disabilities Grants provide services and supports to help Minnesotans with disabilities remain in their communities and avoid institutionalization. This work is done by counties, tribes, families and local providers. These funds increase the service options for people with disabilities and their families; help people with HIV/AIDS with medical expenses; provide information and assistance on disability programs and services; and support county and tribal service infrastructure.

## SERVICES PROVIDED

Disabilities Grant programs include:

- The Family Support Grant (FSG) provides cash to families to offset the higher-than-average cost of raising a child with a disability due to the child's disability.
- The Consumer Support Grant (CSG) is an alternative to home care paid through the state plan, which helps people purchase home care, adaptive aids, home modifications, respite care, and other help with the tasks of daily living. This program will be sunsetted when Community First Services and Supports (CFSS) replaces the services provided by CSG.
- Semi-Independent Living Services (SILS) grants help adults with developmental disabilities, who do not require an institutional level of care, live in the community. The funding is used for 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 use of transportation.
- HIV/AIDS programs help people living with HIV/AIDS pay premiums to maintain private insurance, co-payments for HIV-related medications, mental health services, dental services, nutritional supplements, and case management.
- The Disability Linkage Line (DLL), now known as Disability Hub MN, provides one-to-one assistance to make it easier for people with disabilities to understand their options, find solutions, and engage in possibilities.

- Local planning grants assist counties and tribes in development of community alternatives to corporate foster care settings. This funding is used to implement specific county plans to address the needs of people with disabilities in their communities.
- Day Training and Habilitation (DT&H) grants are allocated to counties. Counties pay for DT&H costs for some residents. This funding is allocated to counties to help offset costs for legislative rate increases to day training and habilitation facilities.
- State Quality Council and Region 10 grants fund state and regional quality councils. The State and Regional Quality Councils, in collaboration with DHS exist to support a system of quality assurance and improvement in the provision of person directed services for people with disabilities.
- Work Empower grants help people with disabilities maintain or increase stability and employment, increase access to and utilization of appropriate services across systems, reduce use of inappropriate services, improve physical / mental health status, increase earnings and achieve personal goals.
- Autism Spectrum Disorder grants appropriated in the 2017 legislative session were awarded to an organization that provides life skills training to young adults with learning disabilities to meet the needs of individuals with autism spectrum disorder. This grant is only appropriated in FY 2018 and FY 2019.
- Institutional Settings and Intellectual and Developmental Disability grants fund a disability advocacy organization to maintain and promote self-advocacy services and supports for persons with intellectual and developmental disabilities throughout the state.
- Waiver rate system transition grants are for home and community-based disability waiver services providers that are projected to receive at least a ten percent decrease in revenues due to transition to rates calculated under the disability waiver rate setting system.

The Disabilities Grants activity is funded by the state general fund, federal funds and special revenue funds. The HIV/AIDS programs receive federal funds from the Ryan White Care Act and also rebate funding from pharmaceutical companies for drugs and insurance.

## RESULTS

The agency monitors data, reviews counties and tribes, and administers surveys to consumers to evaluate services. Minnesota has seen continuous improvement in the number of people with disabilities served by community-based rather than institution-based services.

The agency tracks the percent of people with disabilities who receive home and community-based services in their own home instead of in a congregate residential setting, such as foster care. There is now a reduced reliance on corporate foster care.

More information is also available on the DHS dashboard (http://dashboard.dhs.state.mn.us/).

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Percent of people with disabilities who receive home and community-based services at home.[1] | 53.1% | 58.5% | 2013 to 2017 |
| Result | Percent of people served in corporate foster care or corporate living services.[2] | 35% | 30% | 2013 to 2017 |
| Quality | Percent of consumers who would recommend the Disability Hub MN to others.[3] | 98% | 91% | 2015 to 2017 |
| Quantity | Annual number of people served through the Technology for Home Services grant.[4] | 348 | 372 | 2013 to 2017 |

1. This measure compares people who receive disability waiver services in their own home rather than residential services. Source: DHS Data Warehouse
2. This measure represents the proportion of disability waiver participants using corporate foster care or corporate supported living services (SLS), when the service is billed in a daily unit. It does not include SLS billed in 15 minute unit, since that is typically not provided in a residential setting.
3. The change in this measure reflects better randomization of surveys and a more accurate measure of satisfaction. It continues to show over 90 percent satisfaction with the Disability Hub services. Source: DLL Customer Satisfaction Surveys.
4. This measure represents the unduplicated annual number of people served through the Technology for Home Services grant, which provides assistive technology for people in their own homes. Source: Technology for Home report. Source: DHS Data Warehouse

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M.S. sections 252.275 (https://www.revisor.mn.gov/statutes/?id=252.275 ); 252.32 (https://www.revisor.mn.gov/statutes/?id=252.32 ); 256.01, subds. 19, 20, and 24 (https://www.revisor.mn.gov/statutes/?id=256.01); 256.476 (https://www.revisor.mn.gov/statutes/?id=256.476); and 256B.0658 (https://www.revisor.mn.gov/statutes/?id=256b.0658) provide the legal authority for Disabilities Grants.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 41,956 | 45,930 | 45,333 | 53,474 | 53,527 | 37,849 | 55,188 | 40,222 |
| 2000 - Restrict Misc Special Revenue | 3,199 | 6,965 | 10,547 | 16,426 | 8,582 | 8,582 | 8,582 | 8,582 |
| 2001 - Other Misc Special Revenue | 12 | 0 | 259 | 278 | 277 | 277 | 277 | 277 |
| 3000 - Federal | 7,811 | 9,306 | 9,899 | 11,499 | 12,843 | 12,843 | 12,843 | 12,843 |
| **Total** | **52,977** | **62,200** | **66,037** | **81,677** | **75,229** | **59,551** | **76,890** | **61,924** |
| Biennial Change | | | | 32,537 | | (12,934) | | (8,900) |
| Biennial % Change | | | | 28 | | (9) | | (6) |
| Governor's Change from Base | | | | | | | | 4,034 |
| Governor's % Change from Base | | | | | | | | 3 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 1,126 | 2,017 | 2,951 | 7,843 | 2,443 | 2,443 | 3,517 | 3,729 |
| Grants, Aids and Subsidies | 51,851 | 60,083 | 62,986 | 73,636 | 72,757 | 57,079 | 73,344 | 58,166 |
| Other Financial Transaction | | 100 | 100 | 198 | 29 | 29 | 29 | 29 |
| **Total** | **52,977** | **62,200** | **66,037** | **81,677** | **75,229** | **59,551** | **76,890** | **61,924** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 2,500 | 2,451 | | | | | | |
| Direct Appropriation | 20,332 | 20,369 | 20,686 | 20,687 | 20,570 | 20,571 | 22,231 | 22,944 |
| Transfers In | 25,357 | 24,866 | 29,517 | 32,787 | 32,957 | 17,278 | 32,957 | 17,278 |
| Transfers Out | | | 375 | | | | | |
| Cancellations | 4,683 | 1,756 | 4,495 | | | | | |
| Balance Forward Out | 1,550 | | | | | | | |
| **Expenditures** | **41,956** | **45,930** | **45,333** | **53,474** | **53,527** | **37,849** | **55,188** | **40,222** |
| Biennial Change in Expenditures | | | | 10,921 | | (7,431) | | (3,397) |
| Biennial % Change in Expenditures | | | | 12 | | (8) | | (3) |
| Governor's Change from Base | | | | | | | | 4,034 |
| Governor's % Change from Base | | | | | | | | 4 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 16,499 | 17,777 | 18,766 | 14,098 | 7,638 | 4,467 | 7,638 | 4,467 |
| Receipts | 3,884 | 6,181 | 5,879 | 8,000 | 8,000 | 8,000 | 8,000 | 8,000 |
| Transfers In | | | | 2,158 | | | | |
| Transfers Out | | | | 192 | 2,589 | 2,656 | 2,589 | 2,656 |
| Balance Forward Out | 17,184 | 16,994 | 14,098 | 7,638 | 4,467 | 1,229 | 4,467 | 1,229 |
| **Expenditures** | **3,199** | **6,965** | **10,547** | **16,426** | **8,582** | **8,582** | **8,582** | **8,582** |
| Biennial Change in Expenditures | | | | 16,809 | | (9,809) | | (9,809) |
| Biennial % Change in Expenditures | | | | 165 | | (36) | | (36) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | | | | 1 | | | | |
| Receipts | 12 | | 261 | 277 | 277 | 277 | 277 | 277 |
| Balance Forward Out | | | 1 | | | | | |
| **Expenditures** | **12** | **0** | **259** | **278** | **277** | **277** | **277** | **277** |
| Biennial Change in Expenditures | | | | 526 | | 17 | | 17 |
| Biennial % Change in Expenditures | | | | 4,533 | | 3 | | 3 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 7 | 5 | | | | | | |
| Receipts | 7,808 | 9,301 | 9,899 | 11,499 | 12,843 | 12,843 | 12,843 | 12,843 |
| Balance Forward Out | 5 | | | | | | | |
| **Expenditures** | **7,811** | **9,306** | **9,899** | **11,499** | **12,843** | **12,843** | **12,843** | **12,843** |
| Biennial Change in Expenditures | | | | 4,281 | | 4,288 | | 4,288 |
| Biennial % Change in Expenditures | | | | 25 | | 20 | | 20 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Housing & Support Services Grants

https://mn.gov/dhs/partners-and-providers/program-overviews/housing-and-homelessness

## AT A GLANCE

- Supportive services were provided to 5,713 individuals at-risk or experiencing long-term homelessness in FY 2017.
- The Community Living Infrastructure funding was awarded to 17 grantees beginning in FY 2018.
- The Real Time Housing funding was awarded to one grantee to develop the website beginning in FY 2018.
- The Housing Access Service grant served 207 clients and had 4,493 inquiries for service in CY 2017.
- The Housing and Support Services Grants activity includes $7.3 million moved from Children and Family Services Grants, and $489,000 from Disability Services Grants. The remainder are new funds beginning in FY 2018. This activity represents .06 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

According to the 2016 Point-in-Time count by the Minnesota Interagency Council on Homelessness, 7,304 Minnesotans were experiencing homelessness on January 28, 2016 of which 3,660 were individuals in families with children.

DHS works to ensure that appropriate housing is available for the people we serve by supporting systems that integrate housing, services and income supports to enable people to live in the community of their choice. This work is done by counties, tribes, families and local providers.

## SERVICES PROVIDED

Housing and Support Services grant programs include:

- The Long-Term Homelessness grant program provides funds for supportive services to serve individuals, unaccompanied youth, and families with children experiencing long-term homelessness. The goal is to link those persons who are long-term homeless and have been evaluated to have the most significant need for permanent supportive housing, as determined by the respective Continuum of Care Coordinated Entry System, with housing that is permanent and sustainable.
- The Community Living Infrastructure grant program supports the needs of people with disabilities and housing instability who want to live in the community but are faced with significant barriers in transitioning into community living from institutions, licensed facilities or homelessness. The purpose of the program is to increase and improve opportunities for Minnesotans with disabling conditions by improving access to community options. This grant program funds three areas of service: 1) outreach efforts; 2) housing resources specialists; 3) and funding for counties, tribes, and collaboratives to administer and monitor the Housing Support program.
- The Real Time Housing Website grant is for the design, development and maintenance of a fully accessible and usable website, including an application, to track real-time-housing openings for people with disabilities across the state of Minnesota. The website is to help support the needs of people with disabilities who want to live in the community. It will help connect individuals, their advocates, and family members to housing options and educate about community living resources available.
- Housing Benefit grant money pays for the development and maintenance of the Housing Benefits 101 website which helps persons with disabilities understand types of housing available to them depending

the person's situation, needs and desires. The website has information on housing programs that can make housing more affordable along with information on different types of housing options and services that can improve quality of life. HB101 has a Vault feature in which persons can securely store their personal information related to housing and utilize a Personalized Housing Planning Tool in their search for housing in the community of their choice.

- Housing Access Services grants have been used to support a non-profit organization that helps individuals who are eligible for home care, other state plan services, or waiver services, to move out of licensed settings or family homes and into their own homes. Since the fall of 2009 more than 2,000 people have used Housing Access Services to move from licensed or unlicensed settings to homes of their own that are not owned, leased, or controlled by disability services providers.

**RESULTS**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Number of households receiving **long-term homeless supportive services grants (LTSS)**:<br>Percent families;<br>Percent single adults. | 1,495<br><br>53%<br>47% | 1,357<br><br>45%<br>55% | CY 2013-CY 2016 |
| Quantity | Percent of individuals living without a permanent home for more than a year before receiving LTSS services;<br>Percent homeless for at least six years. | 58%<br><br>10% | 63%<br><br>14% | CY 2013 – CY 2016 |
| Quantity | Percent of those receiving LTSS services with some type of mental illness. | 41% | 77% | CY 2013 – CY 2016 |

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Legal authority for Housing and Support Services Grants:
M.S. sections 256I.09 (https://www.revisor.mn.gov/statutes/cite/256I.09);
256K.26 (https://www.revisor.mn.gov/statutes/?id=256k.26);
256B.0658 (https://www.revisor.mn.gov/statutes/cite/256B.0658);
256I.04 (https://www.revisor.mn.gov/statutes/cite/256I.04)

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 6,906 | 7,413 | 9,489 | 9,539 | 9,264 | 10,364 | 10,264 | 11,364 |
| 2000 - Restrict Misc Special Revenue | 99 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| **Total** | **7,005** | **7,553** | **9,629** | **9,679** | **9,404** | **10,504** | **10,404** | **11,504** |
| Biennial Change | | | | 4,750 | | 600 | | 2,600 |
| Biennial % Change | | | | 33 | | 3 | | 13 |
| Governor's Change from Base | | | | | | | | 2,000 |
| Governor's % Change from Base | | | | | | | | 10 |
| ***Expenditures by Category*** | | | | | | | | |
| Grants, Aids and Subsidies | 7,005 | 7,553 | 9,493 | 9,679 | 9,404 | 10,504 | 10,404 | 11,504 |
| Other Financial Transaction | | | 136 | | | | | |
| **Total** | **7,005** | **7,553** | **9,629** | **9,679** | **9,404** | **10,504** | **10,404** | **11,504** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 7,483 | 7,484 | 9,454 | 9,454 | 9,264 | 10,364 | 10,264 | 11,364 |
| Transfers In | | | 85 | 85 | | | | |
| Cancellations | 577 | 71 | 50 | | | | | |
| **Expenditures** | **6,906** | **7,413** | **9,489** | **9,539** | **9,264** | **10,364** | **10,264** | **11,364** |
| Biennial Change in Expenditures | | | | 4,709 | | 600 | | 2,600 |
| Biennial % Change in Expenditures | | | | 33 | | 3 | | 14 |
| Governor's Change from Base | | | | | | | | 2,000 |
| Governor's % Change from Base | | | | | | | | 10 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 0 | 41 | 2 | | | | | |
| Transfers In | 140 | 140 | 140 | 140 | 140 | 140 | 140 | 140 |
| Transfers Out | 0 | 41 | 2 | | | | | |
| Balance Forward Out | 41 | | | | | | | |
| **Expenditures** | **99** | **140** | **140** | **140** | **140** | **140** | **140** | **140** |
| Biennial Change in Expenditures | | | | 41 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 17 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Program
# Activity: Adult Mental Health Grants

mn.gov/dhs/people-we-serve/adults/health-care/mental-health/index.jsp

## AT A GLANCE

- Approximately 230,972 adults in Minnesota have a serious mental illness.
- Assertive Community Treatment was provided to 2,041 people in CY 2017.
- Projects for Assistance in Transition from Homelessness (PATH) served 417 persons who were chronically homeless and 902 persons who were at imminent risk of homelessness in CY 2017. An additional 451 persons were contacted through outreach.
- Crisis Housing Assistance services were provided to prevent homelessness of 231 people in facility based treatment in CY 2017.
- Housing with Support services assisted 1,716 persons with serious mental illness in accessing and retaining permanent supportive housing by the end of CY 2017.
- Crisis Response Services served 17,515 people in response to crisis episodes in CY 2017.
- All funds spending for the Adult Mental Health Grants activity for FY 2017 was $84.9 million. This represented 0.53 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Adult Mental Health Grants support services for adults with mental illness and are administered by the Behavioral Health Division of the Community Supports Administration, using both federal and state funds. These funds, combined with county dollars, are used to identify and meet the local service need by developing and providing a range of mental health services in the community. Adult Mental Health Grants support the mission of the Minnesota Comprehensive Adult Mental Health Act by supporting community mental health system infrastructure and services. The grants are used in conjunction with healthcare coverage and other funding sources to support individuals in independent living through community-based service and treatment options. Services are delivered using best practice and evidence-based practice models that are person-centered and effective.

## SERVICES PROVIDED

Adult Mental Health Grants support a broad range of vital community service needs. The grants provide funding for infrastructure, community services, supports, and coordination activities not covered by Medical Assistance (MA), and/or for persons who are uninsured or under-insured by public or private health plans. These grants are delivered in a number of ways. Some are block grants to counties who have the flexibility to use the funding for a number of services. Others are grants to counties, mental health providers, and other organizations for specific services, projects, and programs. Services include, but are not limited to the following:

**Transitions to Community Initiative** - This initiative reduces the time that individuals remain at the Anoka Metro Regional Treatment Center (AMRTC) or the Minnesota Security Hospital (MSH) once they no longer need hospital care. By providing funding to cover community-based services and address the unique discharge barriers faced by some individuals, the initiative promotes recovery, allows individuals to move to integrated settings of their choice as outlined in the Minnesota Olmstead Plan, and opens up beds at AMRTC and MSH for other individuals who need them.

**Targeted Case Management** – These activities coordinate services and help adults with serious and persistent mental illness gain access to needed medical, social, educational and vocational services. These activities include

developing a functional assessment, an individual community support plan, and ensuring coordination of services and monitoring of service delivery.

**Assertive Community Treatment (ACT) –** These intensive, non-residential mental health services are provided by a multidisciplinary staff using a team model. The team includes, at a minimum, a psychiatrist, mental health professional, registered nurse, vocational and substance abuse specialists. ACT services are available 24 hours a day. ACT teams assume full responsibility for the individual's mental health treatment. This service keeps people in the community and prevents hospitalization.

**Adult Rehabilitative Mental Health Services (ARMHS)** - ARMHS are services that enable a recipient to develop, retain and enhance their mental stability and functioning by providing education on medication management, basic social and living skills, household management, employment-related skills, and also by assisting with transitions to community living.

**Adult Outpatient Medication Management** - Provides for prescriptions, medication education, and reviews to help individuals manage their symptoms.

**Basic Living /Social Skills and Community Intervention** - Basic living /social skills and community intervention services provided to help individuals live safely and inclusively in the community.

**Project for Assistance in Transition from Homelessness (PATH)** - PATH is a federal program with a state match to provide homeless outreach, service coordination, and related services designed to find and engage persons with serious mental illness who are homeless or at imminent risk of becoming homeless and provide them with in services, basic needs, resources, and housing.

**Crisis Housing** – This program provides direct payments for rent, mortgage, and utility costs, to assist persons with retaining their housing while getting needed facility based treatment. The program prevents homelessness while the individual uses their income to pay for treatment or loses income while getting needed treatment.

**Housing with Supports** - These grants fund the development of permanent supportive housing for persons with serious mental illness, by providing options that assist individuals who need housing with linked supports to help maintain an individual's mental health and housing stability while living in the community.

**Crisis Response Services** – Provides an array of services from mobile crisis response teams to crisis stabilization beds and aftercare services. Mobile crisis teams respond to an individual's call for help in their home, place of employment, or possibly to an emergency department in a hospital in cases where they are experiencing a severe mental health problem that requires immediate assistance. Many components of crisis services are not reimbursable under Medicaid, such as telephone contacts with a person in crisis, linkage and coordination, benefits assistance, and post-hospital transition services. Ancillary services that are not able to be billed to MA are being provided through grant funding.

**Culturally specific services** – These grants expand capacity for ethnically and culturally-specific, trauma-informed, adult mental health services within target cultural and ethnic minority communities in Minnesota.

**Individual Placement Supports (IPS) Supported Employment** - Counties use adult mental health grants to fund evidence-based practices such as the IPS model of supported employment to improve the ability of adults with serious and persistent mental illness to find and maintain competitive employment. These grants extend and support the work done by the Department of Employment and Economic Development.

**Minnesota Center for Chemical and Mental Health (MNCAMH)** - These grants fund training and technical assistance from the Minnesota Center for Chemical and Mental Health (MNCAMH), a program of the University of Minnesota drawing from the strengths of the School of Social Work, the College of Continuing Education, and the

Department of Psychiatry. MNCAMH is a center of excellence for workforce training created to advance the professional development of the treatment services workforce on research informed practices for recovery-oriented systems of care.

**Certified Peer Specialist (CPS) Implementation and Training** - Selected and qualified individuals with a lived experience of mental illness are trained to work as Certified Peer Specialists in Assertive Community Treatment (ACT), Adult Rehabilitative Mental Health Services (ARMHS), Crisis Response Services and Intensive Residential Treatment (IRTS) services.

**Mental Health Innovations** – These grant funds are dedicated to finding innovative approaches for improving access to and the quality of community-based, outpatient mental health services. Programs are focused on helping people with mental illness receive effective and culturally specific services in their community.

## RESULTS

**Transitions to Community – Fiscal Year 2017**

- 92 unduplicated individuals received support through the Transition to Community program.
- Of the 92 individuals served, 47 individuals were discharged: 33 from AMRTC and 14 from MSH.
- Technical assistance was provided by DHS staff to navigate discharge options for an additional 19 individuals.

**Assertive Community Treatment (ACT),**
**Adult Rehabilitative Mental Health Services (ARMHS), and Crisis Response**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Number of Adults receiving **Assertive Community Treatment** (ACT)[1] services | 1,991 | 2,015 | CY 2015-CY 2017 |
| Quantity | Number of Adults with Serious Mental Illness who received **Adult Rehabilitative Mental Health Services** (ARMHS) | 19,149 | 20,800 | CY 2015 to CY 2017 |
| Quantity | Number of episodes for which **Mental Health Crisis Services** were provided | 13,449 | 17,515 | CY 2015 to CY 2017 |
| Result | Percent of people needing hospitalization after receiving **crisis service interventions** | 14% | 14% | CY 2015 to CY 2017 |

Measure Notes:

1. Previous measure is the number of ACT clients served in CY 2015. Current measure is the number served in CY 2017. The department goal is to reduce the need for hospitalization and keep persons served in the community.

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MS § 256E.12, 245.4661, and 245.70 provide the authority for the grants in this budget activity.

# Adult Mental Health Grants

## Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 71,521 | 73,523 | 81,693 | 81,477 | 79,802 | 79,802 | 78,808 | 78,377 |
| 2000 - Restrict Misc Special Revenue | | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| 2360 - Health Care Access | 973 | 2,391 | 409 | 750 | 750 | 750 | 750 | 750 |
| 2365 - Opioid Stewardship | | | | | | | 2,400 | 6,400 |
| 3000 - Federal | 8,515 | 9,007 | 8,137 | 17,536 | 20,115 | 10,927 | 20,115 | 10,927 |
| **Total** | **81,009** | **84,921** | **91,238** | **100,763** | **101,667** | **92,479** | **103,073** | **97,454** |
| Biennial Change | | | | 26,072 | | 2,145 | | 8,526 |
| Biennial % Change | | | | 16 | | 1 | | 4 |
| Governor's Change from Base | | | | | | | | 6,381 |
| Governor's % Change from Base | | | | | | | | 3 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 2,208 | 2,211 | 2,565 | 781 | 956 | 431 | 956 | 431 |
| Grants, Aids and Subsidies | 76,655 | 80,520 | 85,684 | 99,982 | 100,711 | 92,048 | 102,117 | 97,023 |
| Other Financial Transaction | 2,146 | 2,190 | 2,990 | | | | | |
| **Total** | **81,009** | **84,921** | **91,238** | **100,763** | **101,667** | **92,479** | **103,073** | **97,454** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | | 140 | | | | | |
| Direct Appropriation | 71,543 | 73,169 | 81,577 | 81,477 | 79,802 | 79,802 | 78,808 | 78,377 |
| Transfers In | 600 | 900 | | | | | | |
| Transfers Out | | 300 | | | | | | |
| Cancellations | 622 | 106 | 24 | | | | | |
| Balance Forward Out | | 140 | | | | | | |
| **Expenditures** | **71,521** | **73,523** | **81,693** | **81,477** | **79,802** | **79,802** | **78,808** | **78,377** |
| Biennial Change in Expenditures | | | | 18,125 | | (3,566) | | (5,985) |
| Biennial % Change in Expenditures | | | | 13 | | (2) | | (4) |
| Governor's Change from Base | | | | | | | | (2,419) |
| Governor's % Change from Base | | | | | | | | (2) |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Receipts | | | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| **Expenditures** | | | **1,000** | **1,000** | **1,000** | **1,000** | **1,000** | **1,000** |
| Biennial Change in Expenditures | | | | 2,000 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2360 - Health Care Access** | | | | | | | | |
| Direct Appropriation | 1,575 | 2,473 | 750 | 750 | 750 | 750 | 750 | 750 |
| Cancellations | 602 | 82 | 341 | | | | | |
| **Expenditures** | **973** | **2,391** | **409** | **750** | **750** | **750** | **750** | **750** |
| Biennial Change in Expenditures | | | | (2,205) | | 341 | | 341 |
| Biennial % Change in Expenditures | | | | (66) | | 29 | | 29 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2365 - Opioid Stewardship** | | | | | | | | |
| Direct Appropriation | | | | | | | 2,400 | 6,400 |
| **Expenditures** | | | | | | | **2,400** | **6,400** |
| Biennial Change in Expenditures | | | 0 | | | 0 | | 8,800 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 8,800 |
| Governor's % Change from Base | | | | | | | | |
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 12 | 4 | | | | | | |
| Receipts | 8,503 | 9,003 | 8,137 | 17,536 | 20,115 | 10,927 | 20,115 | 10,927 |
| **Expenditures** | **8,515** | **9,007** | **8,137** | **17,536** | **20,115** | **10,927** | **20,115** | **10,927** |
| Biennial Change in Expenditures | | | | 8,151 | | 5,369 | | 5,369 |
| Biennial % Change in Expenditures | | | | 47 | | 21 | | 21 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Children's Mental Health Grants

mn.gov/dhs/people-we-serve/children-and-families/health-care/mental-health/

## AT A GLANCE

- An estimated 108,000 children and youth in Minnesota (from birth to age 21) need treatment for serious emotional disturbance.
- Each year about 88,000 children and youth receive publicly funded mental health services in Minnesota.
- Approximately 12,150 children and youth received mental health screenings in 2017.
- 9 percent of school-age children and 5 percent of preschool children in Minnesota have a mental health concern that becomes longer lasting and interferes significantly with child's functioning at home and in school.
- All funds spending for the Child Mental Grants activity for FY 2017 was $24.3 million. This represented 0.15 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

Children's Mental Health Grants are administered by the Behavioral Health Division of the Community Supports Administration, which receives both federal and state funding, to support services for children with mental illness. These grants fund community, school, home, and clinic-based children's mental health services provided by non-profit agencies, schools, Medicaid-enrolled mental health clinics, tribes, counties, and culturally specific agencies.

## SERVICES PROVIDED

Children's mental health grants promote integration of mental health services into the state's overall healthcare system by:

- filling gaps in the continuum of services and supports, especially those not covered in the broader Minnesota Health Care Programs benefits set;
- paying for necessary ancillary services, supports, and coordination activities that are not eligible for federal Medicaid reimbursement;
- covering treatment and supports for children who remain uninsured or under-insured by private health plans;
- building statewide service delivery capacity in workforce-shortage areas, where key services are not available regardless of insurance coverage;
- expanding access to direct treatment by providing care in community, school, home, and clinic-based children's mental health settings;
- providing coordination of mental and chemical health services with physical healthcare, services for persons with disabilities, and county social services;
- training providers on evidence-based practices;
- funding measurement of treatment outcomes;
- developing new levels of care for children and youth with complex mental health conditions;
- developing a new model to serve youth with first episode psychosis; and
- expanding the current system of mental health care for youth experiencing serious mental illness and their families by piloting and demonstrating new and enhanced services and creating finance and policy reforms necessary to sustain a system of care that is family driven, youth-guided, culturally and linguistically competent and grounded in scientific evidence.

Partners are essential in order to develop and maintain a dynamic and competent mental health service delivery system. For children, coordination of care must include other child-serving sectors of the public and private health and human service systems of Minnesota, including families and youth —such as:

- primary health care,
- day care,
- substance abuse treatment facilities,
- schools,
- public health entities,
- child welfare system,
- juvenile justice system,
- tribes,
- health plans,
- counties, and
- adult transition services.

**RESULTS**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Service Utilization Rate (per 10,000) | 422 | 450 | CY2013-CY2015 |
| Quality | Percent of children in the child welfare system who received a mental health screening | 57% | 64% | CY2012-CY2015 |

Measure Notes:

- Service Utilization Rate: An indicator of service access, this indicator counts the number of children (under age 18) receiving any mental health service from the publicly financed health care system, per 10,000 children in the general child population. A higher utilization rate denotes more access to services for children.
- Percent of children receiving a mental health screening: This activity funds screenings for children in the child welfare system. Counties conduct mental health screenings for children in the child welfare system who have not had a recent assessment.

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Minnesota Statutes, section 245.4889 (https://www.revisor.mn.gov/statutes/?id=245.4889) provides the legal authority for Children's Mental Health grants.

# Child Mental Health Grants

# Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 20,163 | 24,341 | 23,186 | 23,926 | 20,826 | 20,826 | 25,726 | 25,726 |
| 3000 - Federal | | | 1,018 | 3,769 | 5,394 | 3,384 | 5,394 | 3,384 |
| **Total** | **20,163** | **24,341** | **24,203** | **27,695** | **26,220** | **24,210** | **31,120** | **29,110** |
| Biennial Change | | | | 7,394 | | (1,468) | | 8,332 |
| Biennial % Change | | | | 17 | | (3) | | 16 |
| Governor's Change from Base | | | | | | | | 9,800 |
| Governor's % Change from Base | | | | | | | | 19 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 47 | 34 | 16 | 80 | 80 | 80 | 80 | 80 |
| Grants, Aids and Subsidies | 19,690 | 24,072 | 23,546 | 27,615 | 26,140 | 24,130 | 31,040 | 29,030 |
| Other Financial Transaction | 427 | 235 | 641 | | | | | |
| **Total** | **20,163** | **24,341** | **24,203** | **27,695** | **26,220** | **24,210** | **31,120** | **29,110** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Direct Appropriation | 23,386 | 24,346 | 23,861 | 23,926 | 20,826 | 20,826 | 25,726 | 25,726 |
| Cancellations | 3,223 | 5 | 675 | | | | | |
| **Expenditures** | **20,163** | **24,341** | **23,186** | **23,926** | **20,826** | **20,826** | **25,726** | **25,726** |
| Biennial Change in Expenditures | | | | 2,607 | | (5,460) | | 4,340 |
| Biennial % Change in Expenditures | | | | 6 | | (12) | | 9 |
| Governor's Change from Base | | | | | | | | 9,800 |
| Governor's % Change from Base | | | | | | | | 24 |
| **3000 - Federal** | | | | | | | | |
| Receipts | | | 1,018 | 3,769 | 5,394 | 3,384 | 5,394 | 3,384 |
| **Expenditures** | | | **1,018** | **3,769** | **5,394** | **3,384** | **5,394** | **3,384** |
| Biennial Change in Expenditures | | | | 4,787 | | 3,991 | | 3,991 |
| Biennial % Change in Expenditures | | | | | | 83 | | 83 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Grant Programs
# Activity: Substance Use Disorder (SUD) Treatment Support Grants

mn.gov/dhs/people-we-serve/adults/health-care/substance-abuse/

## AT A GLANCE

- In the United States in 2016, 20.1 million people over the age of 12 had substance use disorders (SUD).
- 56,157 people in Minnesota received treatment for substance use disorder in CY 2016.
- 51 percent of people who sought substance use disorder treatment in 2016 completed their program.
- The compulsive gambling helpline receives more than 1,000 calls and texts each year for information or referrals to treatment.
- All funds spending for the SUD Treatment Support and Primary Prevention grant activity for FY 2017 was $17.9 million, which represented 0.1 percent of the Department of Human Services overall budget.

## PURPOSE & CONTEXT

The Substance Use Disorder (SUD) Treatment Support and Primary Prevention Grants activity uses both federal and state funding to support state-wide prevention, intervention, recovery maintenance, case management and treatment support services for people with alcohol, or drug addiction. Treatment support services include subsidized housing, transportation, child care, and parenting education.

This activity also houses the state Compulsive Gambling Treatment Program, which funds statewide prevention, intervention, treatment and recovery services for individuals and families impacted by problem gambling through evidence based practices, education, supports, and protective financial resources.

## SERVICES PROVIDED

Substance Use Disorder Treatment Support and Primary Prevention Grants provide:

- community drug and alcohol abuse prevention, intervention, and case management services for communities of color, the elderly, disabled, individuals with a mental illness and substance use disorder, individuals experiencing chronic homelessness, and people involved in the criminal justice system;
- treatment supports specifically targeted to women, women with children, the elderly, and other diverse populations;
- a statewide prevention resource center that provides education and capacity building on the misuse of alcohol and other drugs. Education includes delivering information and training to counties, tribes, local communities, and other organizations;
- community-based planning and implementation grants that use a public health approach to preventing alcohol use problems among young people;
- regional prevention coordinators across MN to provide substance use prevention technical assistance and training locally to prevention professionals; and
- a tobacco merchant educational training and compliance check project, as well as funding for Synar inspectors, who conduct random inspections of tobacco retailers.

Additional information is in the March 2013 report, Minnesota's Model of Care for Substance Use Disorder (www.leg.state.mn.us/docs/2013/mandated/130622.pdf).

Most of the funding for SUD Treatment Support and Prevention Grants comes from the U.S. Dept. of Health and Human Services Substance Abuse and Mental Health Services Administration (SAMHSA) Block Grant. Additional

funding comes from the SAMHSA Strategic Prevention Framework Partnerships for Success grant focusing on the prevention of alcohol and marijuana use/abuse on college campuses. State appropriations provide additional funding for drug and alcohol abuse prevention, treatment support and recovery maintenance services for Native Americans.

The state's Compulsive Gambling Program provides:

- public awareness campaigns to promote information and awareness about problem gambling;
- a statewide help phone and text line and problem gambling awareness resources and supports;
- funding for problem gambling assessments, outpatient and residential treatment of problem gambling and gambling addiction;
- compulsive gambling assessments of offenders under section 609.115, subdivision 9;
- training for gambling treatment providers and other behavioral health service providers; and
- research that evaluates awareness, prevention, education, treatment service and recovery supports related to problem gambling and gambling addiction.

Public awareness campaigns target Minnesotans statewide, with specific initiatives aimed at young adults, women, military and veterans, and diverse race and ethnic communities that experience higher rates of problem gambling. The Compulsive Gambling statewide helpline, http://www.getgamblinghelp.com/about-us/, (1-800-333-HOPE or text HOPE to 61222) generally receives about one thousand calls/texts requesting information, supports or referrals for treatment services each year. The Compulsive Gambling Treatment program provides funding for approximately 700 people per year for outpatient treatment services. An average of approximately 177 people receive residential treatment each year.

The Compulsive Gambling Treatment program is largely funded by a portion of state lottery proceeds, and a dedicated one-half of one percent of the revenue from the state tax on lawful gambling proceeds.

The Congratulate and Educate tobacco merchant education and compliance project funds local law enforcement and public health departments to conduct undercover buy checks and provide publications. The project, activated in 2014, is designed to promote community policing and to both congratulate clerks who pass an educational tobacco compliance inspection (do not sell to the minor) and to provide education to clerks and owners about youth access tobacco laws and consequences.

The Synar Program which is funded by the federal Substance Abuse Prevention and Treatment Block Grant. Synar conducts annual inspections of randomly selected tobacco retailers in Minnesota to determine the State's Retailor Violation Rate. Synar requirements include the facilitation of the annual Tobacco Enforcement Survey (TES), the coverage study which is required every three years and the Annual Synar Report which is a required deliverable under the terms and conditions of the Federal Block Grant Award.

The Behavioral Health Division, a division of the agency's Community Supports Administration, administers the programs and grants within the SUD Treatment Support Grants activity.

## RESULTS

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Result | Past 30-day use of alcohol by 9th grade youth in communities that received a Planning & Implementation (P&I) grant for prevention work in 2006 | 35.5% | 14.3% | CY2004 vs CY2016 |
| Result | Babies born with negative toxicology results | 84% | 59% | FY2014 vs. FY2017 |

**Additional Measurement Efforts:** The Minnesota Student Survey (MSS) is one viable data source to understand the prevalence of problem gambling among youth and adolescents. Program staff partnered with University of Minnesota researchers to ensure the inclusion of gambling specific questions in the 2016 MSS. Data from the 2016 survey will establish baseline measures for at-risk gambling among youth and adolescents.

Measure Notes:

- The Past 30 day use of alcohol measure consists of data as reported in the Minnesota Student Survey (http://www.health.state.mn.us/divs/chs/mss/) for 9th grade students who self-report on their use of alcohol in the last 30 days.
    - P&I grant communities were 7.7 percentage points above the MN State average in 2004 and were 3.1 percentage points above the MN State average in 2016. The MN State average was 27.8 percent in 2004 and 11.2 percent in2016.
- The babies born with negative toxicology measure is the percentage of babies with negative toxicology results during a 12-month period, born to women served by the state Women's Recovery grants. Note: This data reflects Women's Recovery grant program participants only and is not a population based measure.
    - The decrease in percentage can be attributed to two factors. One key provider provided recovery services to fewer pregnant women in 2017. In addition, the reporting of toxicology was notably less consistent in 2017.
    - Infant toxicology: 59% of infants born in this period tested negative for substances at birth, while 27% tested positive, mostly for marijuana. Results were not available for the remaining 14% of infants born.

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Minnesota Statutes, chapters 254A (https://www.revisor.mn.gov/statutes/?id=254A), 254B (https://www.revisor.mn.gov/statutes/?id=254B) and 256, (https://www.revisor.mn.gov/statutes/?id=256) and sections 245.98 (http://www.revisor.mn.gov/statutes/?id=245.98) and 297.E02, subd. 3 (https://www.revisor.mn.gov/statutes/?id=297E.02) provide the legal authority for CD Treatment Support and Primary Prevention Grants.

# CD Treatment Support Grants

## Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 2,203 | 2,296 | 2,827 | 3,753 | 2,995 | 3,059 | 2,995 | 3,059 |
| 2000 - Restrict Misc Special Revenue | 247 | 325 | 172 | 503 | 500 | 500 | 500 | 500 |
| 2001 - Other Misc Special Revenue | | | 772 | 698 | 340 | 340 | 340 | 340 |
| 3000 - Federal | 13,901 | 13,507 | 20,778 | 28,553 | 24,545 | 17,036 | 24,545 | 17,036 |
| 4800 - Lottery | 1,400 | 1,733 | 1,705 | 1,733 | 1,733 | 1,733 | 1,733 | 1,733 |
| **Total** | **17,750** | **17,860** | **26,254** | **35,240** | **30,113** | **22,668** | **30,113** | **22,668** |
| Biennial Change | | | | 25,883 | | (8,713) | | (8,713) |
| Biennial % Change | | | | 73 | | (14) | | (14) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 175 | 540 | 1,343 | 1,847 | 1,085 | 1,085 | 1,085 | 1,085 |
| Grants, Aids and Subsidies | 15,715 | 15,464 | 21,141 | 31,366 | 27,101 | 20,406 | 27,101 | 20,406 |
| Other Financial Transaction | 1,860 | 1,855 | 3,770 | 2,027 | 1,927 | 1,177 | 1,927 | 1,177 |
| **Total** | **17,750** | **17,860** | **26,254** | **35,240** | **30,113** | **22,668** | **30,113** | **22,668** |

# CD Treatment Support Grants

## Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 961 | 673 | 402 | 584 | | | | |
| Direct Appropriation | 1,561 | 1,595 | 2,386 | 2,386 | 2,136 | 2,136 | 2,136 | 2,136 |
| Receipts | 504 | 579 | 695 | 783 | 859 | 923 | 859 | 923 |
| Cancellations | 150 | 150 | 72 | | | | | |
| Balance Forward Out | 673 | 402 | 584 | | | | | |
| **Expenditures** | **2,203** | **2,296** | **2,827** | **3,753** | **2,995** | **3,059** | **2,995** | **3,059** |
| Biennial Change in Expenditures | | | | 2,082 | | (526) | | (526) |
| Biennial % Change in Expenditures | | | | 46 | | (8) | | (8) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | | | 175 | 3 | | | | |
| Receipts | 247 | | | | | | | |
| Transfers In | | 500 | | 500 | 500 | 500 | 500 | 500 |
| Balance Forward Out | | 175 | 3 | | | | | |
| **Expenditures** | **247** | **325** | **172** | **503** | **500** | **500** | **500** | **500** |
| Biennial Change in Expenditures | | | | 103 | | 325 | | 325 |
| Biennial % Change in Expenditures | | | | 18 | | 48 | | 48 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 640 | 450 | 790 | 358 | | | | |
| Transfers In | 340 | 340 | 340 | 340 | 340 | 340 | 340 | 340 |
| Transfers Out | 530 | | | | | | | |
| Balance Forward Out | 450 | 790 | 358 | | | | | |
| **Expenditures** | | | **772** | **698** | **340** | **340** | **340** | **340** |
| Biennial Change in Expenditures | | | | 1,470 | | (790) | | (790) |
| Biennial % Change in Expenditures | | | | | | (54) | | (54) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **3000 - Federal** | | | | | | | | |
| Balance Forward In | 13,612 | 363 | | | | | | |
| Receipts | 289 | 14,058 | 20,778 | 28,553 | 24,545 | 17,036 | 24,545 | 17,036 |
| Balance Forward Out | | 914 | | | | | | |
| **Expenditures** | **13,901** | **13,507** | **20,778** | **28,553** | **24,545** | **17,036** | **24,545** | **17,036** |
| Biennial Change in Expenditures | | | | 21,923 | | (7,750) | | (7,750) |
| Biennial % Change in Expenditures | | | | 80 | | (16) | | (16) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **4800 - Lottery** | | | | | | | | |
| Direct Appropriation | 1,733 | 1,733 | 1,733 | 1,733 | 1,733 | 1,733 | 1,733 | 1,733 |
| Cancellations | 333 | 0 | 28 | | | | | |
| **Expenditures** | **1,400** | **1,733** | **1,705** | **1,733** | **1,733** | **1,733** | **1,733** | **1,733** |
| Biennial Change in Expenditures | | | | 305 | | 28 | | 28 |
| Biennial % Change in Expenditures | | | | 10 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Direct Care and Treatment
# Activity: Mental Health & Substance Abuse Treatment Services

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

## AT A GLANCE

- Mental illness affects one in five families.
- Direct Care and Treatment (DCT) provided mental health inpatient and residential services to approximately 1,125 people in FY 2017.
- DCT operates Anoka Metro Regional Treatment Center, a 110-bed psychiatric hospital that served 354 unduplicated patients in FY18.
- DCT operates six 16-bed Community Behavioral Health Hospitals located across the state, which served a total 677 individuals in FY 2018.
- 759 clients were served in the Community Addition Recovery Enterprise (C.A.R.E.) program during FY 2017.
- All funds spending for this budget activity was $114 million for FY 2018. This represents approximately 25 percent of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

## PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care and Treatment (DCT) Administration, Mental Health and Substance Abuse Treatment Services (MHSATS) provides specialized treatment and support services to individuals with mental illness, chemical dependencies/substance abuse and other complex conditions.
- One of the Department of Human Service's goal is to serve people with disabilities by providing access to care close to their home community and natural supports. DCT provides services to individuals with the goal of allowing them to move through the system and back to the community.

## SERVICES PROVIDED

The following services are funded with general fund appropriations:

- Adult inpatient services at the Anoka Metro Regional Treatment Center (AMRTC)
- Adult inpatient services at the Community Behavioral Health Hospitals (CBHHs) located in Alexandria, Annandale, Baxter, Bemidji, Fergus Falls, and Rochester
- Child & Adolescent Behavior Health in-patient Services (CABHS) in Willmar
- Minnesota Specialty Health System (MSHS) – providing Intensive Residential Treatment Services (IRTS) for adults in Brainerd, St. Paul, Wadena and Willmar

Services funded with other revenues:

- Community Addiction Recovery Enterprise (C.A.R.E.) – provides inpatient and outpatient treatment to persons with chemical dependency or substance abuse problems. C.A.R.E. programs operate in Anoka, Carlton, Fergus Falls, St. Peter, and Willmar. Inpatient treatment is provided at all five locations, while outpatient treatment is only provided at the Anoka site.

All services:

- are person-centered, focusing on the needs of the individual,
- are provided in a safe environment at the appropriate level of care and,

- allow individuals to move through treatment and back to the most integrated setting possible.

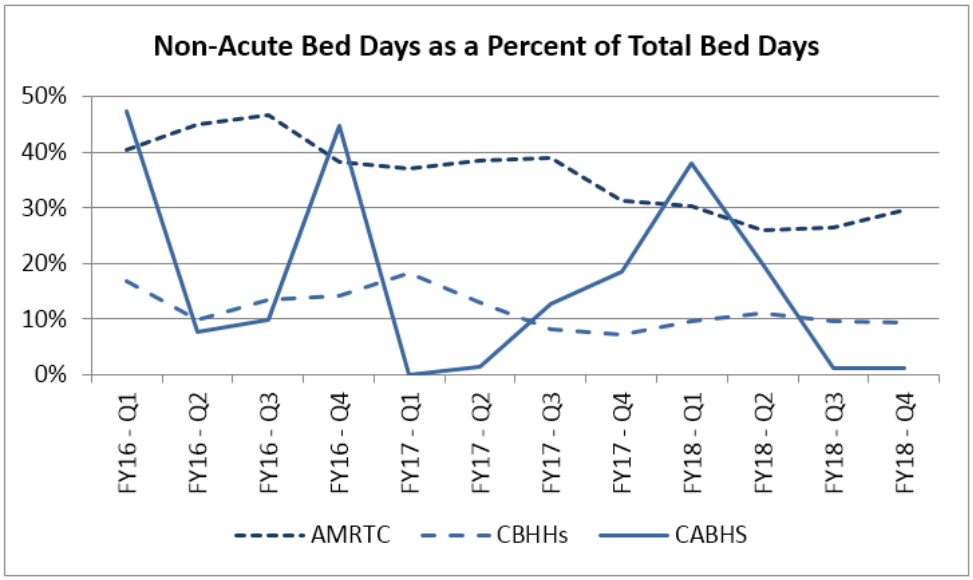
To assure a successful community transition, we use key strategies such as:

- Prompt psychiatric follow-up upon people's return to a community setting and,
- Reducing the number of medications necessary to control the individual's symptoms.

We also reach out to partner with community providers to remove the barriers that limit successful transitions back to the community.

## RESULTS

We measure non-acute bed days. A non-acute bed day is a day spent in the hospital when the client no longer needs that level of care. When a client does not need hospital level of care but cannot be discharged, it is costly and causes other clients who need hospital level of care to remain on the waiting list. Our goal for inpatient services is that less than 10% of total bed days be classified as non-acute bed days.



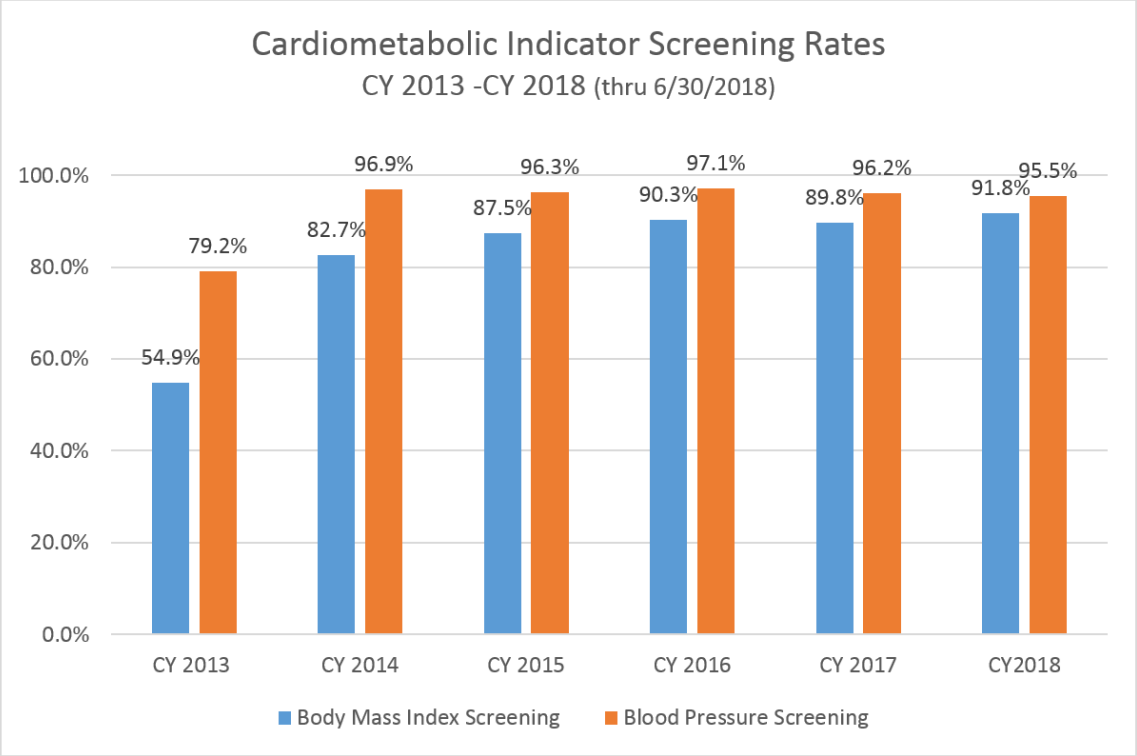

The graph above shows that the non-acute bed day percentage at AMRTC is decreasing, but there has been a slight increase in the last quarter of FY 2018. The slight increase is due in part to the number of admissions directly from jails. A number of these clients need competency restoration services. DCT is working with the counties and the courts to develop processes that would allow discharges of these clients to community providers.

The CBHH non-acute bed days percentage has increased slightly but remains close to the 10% goal. The CABHS program operates few beds, so having just one or two clients who do not meet hospital level of care has a great impact on the non-acute bed day measure.

Another measure of success is the screening for cardiometabolic syndrome indicators. Cardiometabolic syndrome prevention is a key component of improving the lives of those we support and mirrors national trends towards improving healthcare quality systems. Increasing the number of people who are at a healthy weight will help us reduce the incidence of metabolic syndrome and chronic diseases among our patients. These rates also help to determine appropriate interventions. Integrating Body Mass Index (BMI) education into existing programming can reduce the likelihood of the onset and progression of obesity and related chronic diseases, as well as increase healthy eating and physical lifestyle skills. We are collecting information via our Electronic Medical Record (EMR)

and monitoring it closely to help those served maintain an appropriate BMI, reduce incidences of chronic disease, and enable them to live healthier lives.

Managing and maintaining a healthy blood pressure reduces an individual's risk of cardiovascular disease and other chronic diseases. Increasing the number of people with a healthy blood pressure will help us assist our patients to lead healthier lives. Increased screening will also aid in the development of appropriate interventions, increase disease management and prevention, and assist with creating individualized treatment plans.




The graph above shows the work that has been done to improve screening for two key components of cardiometabolic syndrome, Body Mass Index (BMI) and blood pressure. Our goal is to have a 95% screening rate for both BMI and blood pressure. There has been a slight reduction in screening rates this calendar year and work is underway to better support sites in increasing screening rates and using the information for meaningful interventions.

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Minnesota Statutes Chapter 246 (https://www.revisor.mn.gov/statutes/?id=246) provide the legal authority for Direct Care and Treatment State Operated Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

# Mental Health & Substance Abuse Trtmt Svcs

## Activity Expenditure Overview

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 111,854 | 134,925 | 106,694 | 119,374 | 118,669 | 118,661 | 122,771 | 122,763 |
| 2000 - Restrict Misc Special Revenue | 2,662 | 2,672 | 2,652 | 2,713 | 2,713 | 2,713 | 0 | 0 |
| 4101 - DHS Chemical Dependency Servs | 18,173 | 14,293 | 15,367 | 15,482 | 15,274 | 15,274 | 15,274 | 15,274 |
| 6000 - Miscellaneous Agency | 120 | 96 | 108 | 110 | 110 | 110 | 110 | 110 |
| **Total** | **132,809** | **151,986** | **124,821** | **137,679** | **136,766** | **136,758** | **138,155** | **138,147** |
| Biennial Change | | | | (22,295) | | 11,024 | | 13,802 |
| Biennial % Change | | | | (8) | | 4 | | 5 |
| Governor's Change from Base | | | | | | | | 2,778 |
| Governor's % Change from Base | | | | | | | | 1 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 108,341 | 117,154 | 94,712 | 109,981 | 109,773 | 109,773 | 112,120 | 112,120 |
| Operating Expenses | 23,451 | 31,414 | 29,871 | 27,547 | 26,842 | 26,834 | 25,885 | 25,877 |
| Grants, Aids and Subsidies | 328 | 105 | 111 | 151 | 151 | 151 | 150 | 150 |
| Capital Outlay-Real Property | | 42 | | | | | | |
| Other Financial Transaction | 689 | 3,272 | 128 | | | | | |
| **Total** | **132,809** | **151,986** | **124,821** | **137,679** | **136,766** | **136,758** | **138,155** | **138,147** |
| ***Full-Time Equivalents*** | **1,154.83** | **1,230.91** | **1,053.64** | **1,271.14** | **1,212.66** | **1,190.62** | **1,229.53** | **1,207.86** |

# Mental Health & Substance Abuse Trtmt Svcs

## Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 12,619 | | 5,987 | | | | |
| Direct Appropriation | 145,326 | 151,625 | 118,545 | 118,631 | 125,107 | 125,099 | 129,209 | 129,201 |
| Transfers In | 4,108 | 18,885 | 405 | 694 | | | | |
| Transfers Out | 26,910 | 39,616 | 6,269 | 5,938 | 6,438 | 6,438 | 6,438 | 6,438 |
| Cancellations | | 8,588 | | | | | | |
| Balance Forward Out | 10,670 | | 5,987 | | | | | |
| **Expenditures** | **111,854** | **134,925** | **106,694** | **119,374** | **118,669** | **118,661** | **122,771** | **122,763** |
| Biennial Change in Expenditures | | | | (20,711) | | 11,262 | | 19,466 |
| Biennial % Change in Expenditures | | | | (8) | | 5 | | 9 |
| Governor's Change from Base | | | | | | | | 8,204 |
| Governor's % Change from Base | | | | | | | | 3 |
| Full-Time Equivalents | 975.43 | 1,079.44 | 910.98 | 1,111.54 | 1,062.91 | 1,043.59 | 1,099.91 | 1,080.59 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | | 56 | | 61 | 61 | 61 | 61 | 61 |
| Direct Appropriation | 2,713 | 2,713 | 2,713 | 2,713 | 2,713 | 2,713 | 0 | 0 |
| Cancellations | | 97 | | | | | | |
| Balance Forward Out | 51 | | 61 | 61 | 61 | 61 | 61 | 61 |
| **Expenditures** | **2,662** | **2,672** | **2,652** | **2,713** | **2,713** | **2,713** | **0** | **0** |
| Biennial Change in Expenditures | | | | 31 | | 61 | | (5,365) |
| Biennial % Change in Expenditures | | | | 1 | | 1 | | (100) |
| Governor's Change from Base | | | | | | | | (5,426) |
| Governor's % Change from Base | | | | | | | | (100) |
| Full-Time Equivalents | 21.30 | 21.40 | 21.58 | 21.05 | 20.13 | 19.76 | 0.00 | 0.00 |
| **4101 - DHS Chemical Dependency Servs** | | | | | | | | |
| Balance Forward In | 41 | 227 | 465 | 1,043 | | | | |
| Receipts | 8,544 | 8,390 | 9,507 | 8,001 | 8,836 | 8,836 | 8,836 | 8,836 |
| Transfers In | 9,626 | 6,113 | 6,438 | 6,438 | 6,438 | 6,438 | 6,438 | 6,438 |
| Balance Forward Out | 38 | 437 | 1,043 | | | | | |
| **Expenditures** | **18,173** | **14,293** | **15,367** | **15,482** | **15,274** | **15,274** | **15,274** | **15,274** |
| Biennial Change in Expenditures | | | | (1,616) | | (301) | | (301) |
| Biennial % Change in Expenditures | | | | (5) | | (1) | | (1) |

# Mental Health & Substance Abuse Trtmt Svcs

## Activity Financing by Fund

*(Dollars in Thousands)*

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|---|---|---|---|---|---|---|---|---|
| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY20 | FY21 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 158.10 | 130.07 | 121.08 | 138.55 | 129.62 | 127.27 | 129.62 | 127.27 |

### 6000 - Miscellaneous Agency

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 3 | 1 | 8 | 4 | 4 | 4 | 4 | 4 |
| Receipts | 119 | 96 | 104 | 110 | 110 | 110 | 110 | 110 |
| Balance Forward Out | 1 | 0 | 4 | 4 | 4 | 4 | 4 | 4 |
| **Expenditures** | **120** | **96** | **108** | **110** | **110** | **110** | **110** | **110** |
| Biennial Change in Expenditures | | | | 2 | | 2 | | 2 |
| Biennial % Change in Expenditures | | | | 1 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Direct Care and Treatment
# Activity: Community Based Services

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

## AT A GLANCE

- 346 people were served by Community Support Services mobile teams during FY 2017.
- 20 children and adolescents with severe emotional disturbance were served in individual foster homes during FY 2017.
- 529 clients with developmental disabilities were served in community residential services during FY2017.
- 752 clients with developmental disabilities were served in day treatment and habilitation vocational services during FY 2017.
- All funds spending for this budget activity was $118 million for FY2018. This represents approximately 27 percent of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

## PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care and Treatment (DCT) Administration, Community Based Services (CBS) provides treatment and residential care to individuals with behavioral health issues and developmental disabilities. CBS programs specialize in the treatment of vulnerable people with complex needs for whom no other providers are available.
- The majority of CBS programs operate as an enterprise service. Enterprise services operate on the revenues generated from services provided to clients. Revenues are collected from third-party payment sources such as Medical Assistance, private insurance, and the clients themselves.

## SERVICES PROVIDED

Service programs within this activity include:

- **Community Support Services (CSS)** – statewide specialized mobile teams providing crisis support services to individuals with mental illness and/or disabilities in their home community or transitioning back to their home community. Their overall goal is to support people in the most integrated setting by addressing behavior associated with mental illness or intellectual disabilities that would cause individuals to be admitted to institutional settings.
- **Crisis Residential Services and Minnesota Life Bridge (MLB)** – crisis and MLB have a total of eight short-term residential programs throughout the state. Their overall goal is to support people in the most integrated setting close to their home community or natural supports by addressing behavior associated with mental illness or intellectual disabilities that would cause individuals to lose their placements or be admitted to a less integrated setting.
- **Minnesota Intensive Therapeutic Homes (MITH)** – provides foster care to children and adolescents who have severe emotional disturbance and serious acting-out behaviors. Homes are located throughout the state. Each child's treatment structure is individualized and is based on a combination of multidimensional treatment, wrap-around services and specialized behavior therapy.
- **Minnesota State Operated Community Services (MSOCS) Residential Services** – provides residential services in small group homes (typically 4 beds) located throughout the state for individuals with mental illness and/or developmental disabilities. Staff members assist clients with activities of daily living and

help integrate them into the local communities. Individual service agreements are negotiated with counties through the Rate Management System (RMS) for each client based on their needs.

- **Minnesota State Operated Community Services (MSOCS) Vocational Services** – provides vocational support services for people with developmental disabilities. Staff provide evaluations, training, and client assistance at job sites. Individual services agreements are negotiated for each client based on historic rates established for the identified vocational site.

**RESULTS**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | The average number of individuals residing within MSOCS residential services on a daily basis[1] | 411 | 388 | FY 2016 vs. FY 2018 |
| Quantity | The percent of individual workers within MSOCS vocational services who have community employment[2] | 74% | 88% | June 2016 vs. June 2018 |

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Minnesota Statutes Chapter 246 (https://www.revisor.mn.gov/statutes/?id=246) provide the legal authority for Direct Care and Treatment State Operated Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

[1]We continue to reduce our footprint (the number of homes we operate), while transitioning clients into the community when appropriate. This allows us to fulfill our mission of specializing in serving only the most behaviorally complex individuals.

[2]Community Employment offers a more person-centered approach to employment by giving individuals the opportunity to secure a variety of employment options outside the traditional contracted services that are brought into a Day Treatment & Habilitation (DT&H) site based employment setting.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | | | 10,025 | 11,373 | 11,055 | 11,055 | 11,055 | 11,055 |
| 2000 - Restrict Misc Special Revenue | 1,834 | 188 | 6 | 40 | 10 | 10 | 10 | 10 |
| 2403 - Gift | 7 | 7 | 2 | 10 | 10 | 10 | 10 | 10 |
| 4100 - SOS TBI & Adol Ent Svcs | 1,621 | 1,657 | 1,544 | 1,495 | 1,495 | 1,495 | 1,495 | 1,495 |
| 4350 - MN State Operated Comm Svcs | 103,496 | 111,573 | 111,722 | 113,447 | 110,578 | 110,315 | 112,172 | 114,044 |
| **Total** | **106,959** | **113,425** | **123,300** | **126,365** | **123,148** | **122,885** | **124,742** | **126,614** |
| Biennial Change | | | | 29,280 | | (3,632) | | 1,691 |
| Biennial % Change | | | | 13 | | (1) | | 1 |
| Governor's Change from Base | | | | | | | | 5,323 |
| Governor's % Change from Base | | | | | | | | 2 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 92,500 | 97,760 | 110,404 | 113,993 | 111,533 | 111,093 | 113,127 | 114,822 |
| Operating Expenses | 13,511 | 14,478 | 11,734 | 11,456 | 10,699 | 10,876 | 10,699 | 10,876 |
| Grants, Aids and Subsidies | 919 | 1,067 | 877 | 916 | 916 | 916 | 916 | 916 |
| Other Financial Transaction | 29 | 120 | 284 | | | | | |
| **Total** | **106,959** | **113,425** | **123,300** | **126,365** | **123,148** | **122,885** | **124,742** | **126,614** |
| ***Full-Time Equivalents*** | **1,408.74** | **1,455.80** | **1,545.64** | **1,458.03** | **1,417.47** | **1,409.07** | **1,437.77** | **1,455.57** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | | | 691 | | | | |
| Direct Appropriation | 9,626 | 20,113 | 25,652 | 20,543 | 15,036 | 13,448 | 16,630 | 17,177 |
| Transfers In | | | 155 | 111 | | | | |
| Transfers Out | 9,626 | 20,113 | 15,091 | 9,972 | 3,981 | 2,393 | 5,575 | 6,122 |
| Balance Forward Out | | | 691 | | | | | |
| **Expenditures** | | | **10,025** | **11,373** | **11,055** | **11,055** | **11,055** | **11,055** |
| Biennial Change in Expenditures | | | | 21,398 | | 712 | | 712 |
| Biennial % Change in Expenditures | | | | | | 3 | | 3 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | | | 82.46 | 98.25 | 93.95 | 92.24 | 93.95 | 92.24 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 713 | 276 | 92 | 93 | 63 | 63 | 63 | 63 |
| Receipts | 1,272 | 2 | 9 | 10 | 10 | 10 | 10 | 10 |
| Balance Forward Out | 151 | 90 | 94 | 63 | 63 | 63 | 63 | 63 |
| **Expenditures** | **1,834** | **188** | **6** | **40** | **10** | **10** | **10** | **10** |
| Biennial Change in Expenditures | | | | (1,976) | | (26) | | (26) |
| Biennial % Change in Expenditures | | | | (98) | | (57) | | (57) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 15.78 | 0.80 | | | | | | |
| **2403 - Gift** | | | | | | | | |
| Balance Forward In | 50 | 45 | 40 | 39 | 30 | 21 | 30 | 21 |
| Receipts | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 |
| Balance Forward Out | 45 | 40 | 39 | 30 | 21 | 12 | 21 | 12 |
| **Expenditures** | **7** | **7** | **2** | **10** | **10** | **10** | **10** | **10** |
| Biennial Change in Expenditures | | | | (3) | | 8 | | 8 |
| Biennial % Change in Expenditures | | | | (20) | | 69 | | 69 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **4100 - SOS TBI & Adol Ent Svcs** | | | | | | | | |
| Balance Forward In | 425 | 248 | 260 | 221 | 354 | 487 | 354 | 487 |
| Receipts | 1,430 | 1,668 | 1,505 | 1,628 | 1,628 | 1,628 | 1,628 | 1,628 |
| Balance Forward Out | 234 | 259 | 221 | 354 | 487 | 620 | 487 | 620 |
| **Expenditures** | **1,621** | **1,657** | **1,544** | **1,495** | **1,495** | **1,495** | **1,495** | **1,495** |
| Biennial Change in Expenditures | | | | (239) | | (49) | | (49) |
| Biennial % Change in Expenditures | | | | (7) | | (2) | | (2) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 23.96 | 24.70 | 23.93 | 21.68 | 20.73 | 20.35 | 20.73 | 20.35 |
| **4350 - MN State Operated Comm Svcs** | | | | | | | | |
| Balance Forward In | 173 | 3,124 | 1,208 | 2,640 | | | | |
| Receipts | 93,061 | 95,747 | 104,064 | 106,826 | 106,597 | 107,922 | 106,597 | 107,922 |
| Transfers In | 14,000 | 14,000 | 9,090 | 3,981 | 3,981 | 2,393 | 5,575 | 6,122 |
| Transfers Out | 830 | 181 | | | | | | |
| Balance Forward Out | 2,909 | 1,116 | 2,640 | | | | | |
| **Expenditures** | **103,496** | **111,573** | **111,722** | **113,447** | **110,578** | **110,315** | **112,172** | **114,044** |
| Biennial Change in Expenditures | | | | 10,101 | | (4,276) | | 1,047 |
| Biennial % Change in Expenditures | | | | 5 | | (2) | | 0 |
| Governor's Change from Base | | | | | | | | 5,323 |
| Governor's % Change from Base | | | | | | | | 2 |
| Full-Time Equivalents | 1,369.00 | 1,430.30 | 1,439.25 | 1,338.10 | 1,302.79 | 1,296.48 | 1,323.09 | 1,342.98 |

# Program: Direct Care and Treatment
# Activity: Forensic Services

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

## AT A GLANCE

- Minnesota Security Hospital (MSH) served 271 individuals during FY 2017; 65 were discharged with an average length of stay of 5.8 years.
- Transition Services served 102 individuals during FY 2017; 41 were discharged with an average length of stay of 6.9 years.
- Forensic Nursing Home served 45 individuals during FY 2017; 15 were discharged with an average length of stay of 1.2 years.
- 135 individuals received Competency Restoration Services during FY 2017.
- Overall, the Forensic Services census is currently forecast to increase by 2-3 individuals per year.
- All funds spending for this budget activity was $94 million for FY 2018. This represents approximately 21 percent of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

## PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care & Treatment (DCT) Administration, Forensic Services in St. Peter provides multidisciplinary treatment services to adults with severe and persistent mental illness who usually have also come to the attention of the criminal justice system because they are at risk of endangering others and/or they present a serious risk to the public.
- Clients are admitted as a result of judicial or other lawful orders. Clients come from throughout the state. Most are under a civil commitment as mentally ill and dangerous.
- The 2017 Legislature appropriated $25 million for FY 2018-19 biennium to increase staffing to improve client care and increase staff safety.
- The 2017 Legislature appropriated $70 million in general obligation bonds for Phase 2 construction of residential and program areas to help create a safer and more therapeutic environment at MSH.
- The 2018 Legislature appropriated $2.2 million in general obligation bonds to remodel the dietary building on the St. Peter campus.

## SERVICES PROVIDED

Forensics Services programs provide a continuum of services:

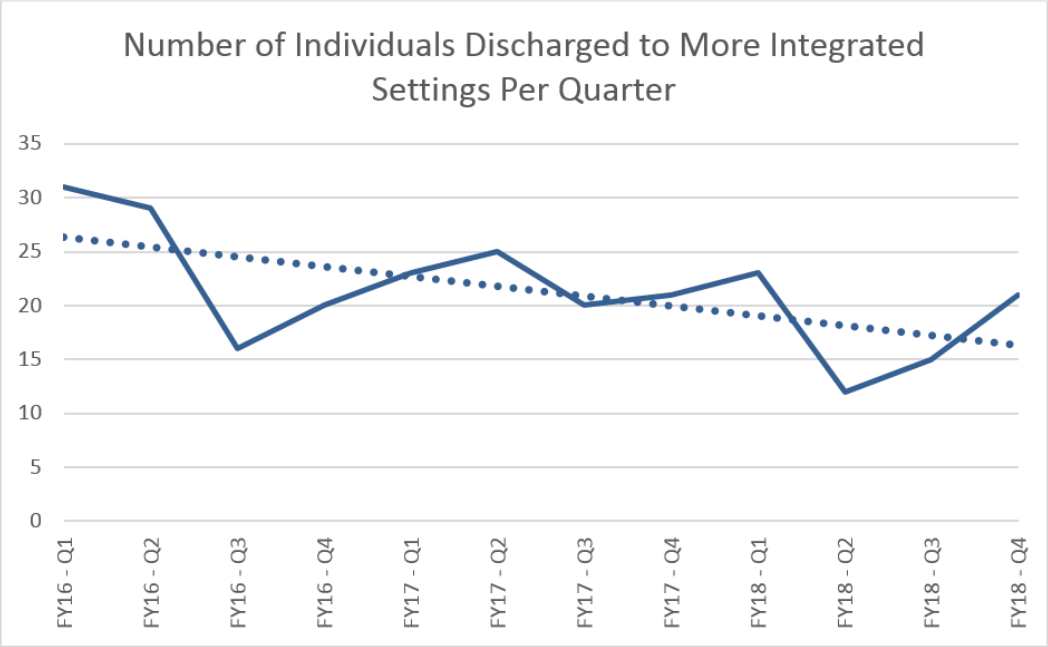
- **Minnesota Security Hospital** – provides a secure inpatient setting for treatment of severe mental illness for individuals committed as mentally ill and dangerous (MI&D).
- **Transition Services** - provide a supervised residential setting for individuals committed as MI&D and offers social rehabilitation treatment to increase self-sufficiency and build skills necessary for a safe return to the community.
- **Forensic Nursing Home** - provides nursing home level of care to individuals committed as mentally ill and dangerous, a sexual psychopathic personality, sexually dangerous person or on medical release from the Department of Corrections.
- **Competency Restoration Services** – evaluates and treats individuals who have been committed as mentally ill and determined to not be competent under Minnesota Court Rules of Criminal Procedure Rule 20.01 Subd. 7. This service is provided in conjunction with mental health treatment in DCT programs.

- **Court-ordered evaluations** – include evaluations of a person's competency to stand trial and pre-sentencing mental health evaluations. These can be done on either an inpatient basis at the Minnesota Security Hospital or in a community setting, including a community corrections facility.

All of these services are provided through a direct general fund appropriation except court-ordered evaluations, which is funded with other revenues.

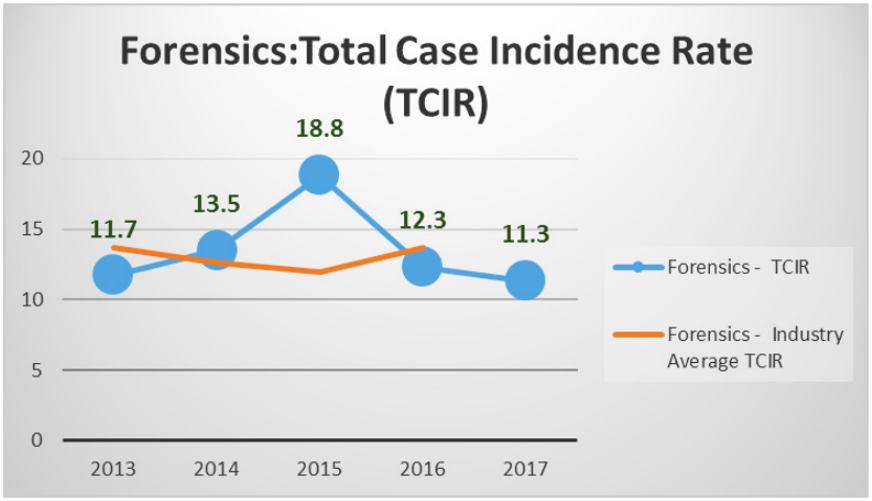
## RESULTS

We measure success by the number of individuals discharged from Forensics Services programs to more integrated settings, reflective of the Minnesota Olmstead Plan. In the chart below, the solid line is the average number of discharges. The dotted line is the trend line over the past three years.




It should be noted that in January 1, 2016, the definition of more integrated settings was converted from data on discharges to any non-forensic/correctional setting, to data on discharges to non-segregated settings. During the second half of FY18, there was an increase in the number of individuals discharged to more integrated settings.

We care about the safety of our clients and staff. One measure of safety is the Occupational Safety and Health Administration (OSHA) Total Case Incidence Rate (TCIR). The OSHA Total Case Incident Rate is the total number of workplace injuries or illnesses per 100 full time employees (FTE) working in a year. This is a metric used nationally to compare rates of workplace injuries with national averages of similar industries, which in our case is state healthcare nursing and residential facilities. In the chart below, the blue line is the annual data for Forensic Treatment Services (FTS). The orange line denotes the industry code average rate for state government nursing and residential facilities. For 2016, the national average among state government nursing and residential care facilities was 13.7 incidents per 100 FTE. The average for 2017 is not yet available.




There have been many efforts taken within Forensic Services that contributed to the reduction in TCIR over the past few calendar years:

- Designing the new facility to focus on creating an environment that would be safe for the patients and the staff who care for them.
- Recognizing inconsistency in our trainings, rewriting curriculum, training and/or retraining staff, as well as continuing to monitor for integrity of the training.
- Initiating quarterly safety skills fairs, where the focus of training is on noted incidents that occurred during the last quarter where staff and/or patient injuries occurred.
- Continuously evaluating equipment used during needed containment of patients to minimize risk.
- Establishing a behavioral support team of professionals that review incidents and can then wrap some additional clinical services around those patients by working with their treatment teams.

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Minnesota Statutes Chapter 246 (https://www.revisor.mn.gov/statutes/?id=246) provide the legal authority for State Operated Services. See also, Minnesota Statutes Chapter 253 (https://www.revisor.mn.gov/statutes/?id=253)for additional authority that is specific to Forensic Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 83,799 | 93,160 | 98,623 | 108,696 | 112,126 | 115,342 | 112,126 | 115,342 |
| 2000 - Restrict Misc Special Revenue | 842 | 784 | 920 | 917 | 917 | 917 | 917 | 917 |
| 6000 - Miscellaneous Agency | 1,665 | 1,504 | 1,694 | 1,809 | 1,725 | 1,725 | 1,725 | 1,725 |
| **Total** | **86,306** | **95,448** | **101,238** | **111,422** | **114,768** | **117,984** | **114,768** | **117,984** |
| Biennial Change | | | | 30,906 | | 20,092 | | 20,092 |
| Biennial % Change | | | | 17 | | 9 | | 9 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 72,084 | 77,915 | 85,584 | 95,579 | 99,009 | 102,225 | 99,009 | 102,225 |
| Operating Expenses | 11,694 | 12,910 | 11,989 | 13,581 | 13,497 | 13,497 | 13,497 | 13,497 |
| Grants, Aids and Subsidies | 2,302 | 2,160 | 2,381 | 2,262 | 2,262 | 2,262 | 2,262 | 2,262 |
| Capital Outlay-Real Property | | 374 | 281 | | | | | |
| Other Financial Transaction | 226 | 2,090 | 1,003 | | | | | |
| **Total** | **86,306** | **95,448** | **101,238** | **111,422** | **114,768** | **117,984** | **114,768** | **117,984** |
| ***Full-Time Equivalents*** | **817.24** | **853.51** | **922.40** | **988.77** | **983.02** | **999.70** | **983.02** | **999.70** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | 784 | | 1,078 | | | | |
| Direct Appropriation | 84,021 | 93,289 | 102,806 | 106,958 | 112,126 | 115,342 | 112,126 | 115,342 |
| Transfers In | | 3,500 | 343 | 660 | | | | |
| Transfers Out | | 3,500 | 3,448 | | | | | |
| Cancellations | | 913 | | | | | | |
| Balance Forward Out | 222 | | 1,078 | | | | | |
| **Expenditures** | **83,799** | **93,160** | **98,623** | **108,696** | **112,126** | **115,342** | **112,126** | **115,342** |
| Biennial Change in Expenditures | | | | 30,360 | | 20,149 | | 20,149 |
| Biennial % Change in Expenditures | | | | 17 | | 10 | | 10 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 814.27 | 851.25 | 919.27 | 985.67 | 980.06 | 996.79 | 980.06 | 996.79 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 224 | 263 | 437 | 469 | 468 | 468 | 468 | 468 |
| Receipts | 826 | 910 | 952 | 916 | 917 | 917 | 917 | 917 |
| Balance Forward Out | 208 | 389 | 469 | 468 | 468 | 468 | 468 | 468 |
| **Expenditures** | **842** | **784** | **920** | **917** | **917** | **917** | **917** | **917** |
| Biennial Change in Expenditures | | | | 212 | | (3) | | (3) |
| Biennial % Change in Expenditures | | | | 13 | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.97 | 2.26 | 3.13 | 3.10 | 2.96 | 2.91 | 2.96 | 2.91 |
| **6000 - Miscellaneous Agency** | | | | | | | | |
| Balance Forward In | 410 | 324 | 292 | 293 | 159 | 134 | 159 | 134 |
| Receipts | 1,580 | 1,472 | 1,695 | 1,675 | 1,700 | 1,725 | 1,700 | 1,725 |
| Transfers In | | | 107 | | | | | |
| Transfers Out | | | 107 | | | | | |
| Balance Forward Out | 324 | 292 | 293 | 159 | 134 | 134 | 134 | 134 |
| **Expenditures** | **1,665** | **1,504** | **1,694** | **1,809** | **1,725** | **1,725** | **1,725** | **1,725** |
| Biennial Change in Expenditures | | | | 334 | | (53) | | (53) |
| Biennial % Change in Expenditures | | | | 11 | | (2) | | (2) |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Direct Care and Treatment
# Activity: Minnesota Sex Offender Program

mn.gov/dhs/people-we-serve/adults/services/sex-offender-treatment/

## AT A GLANCE

- Minnesota Sex Offender Program (MSOP) population as of June 30, 2018 was 736.
- Clients progress across three phases of treatment through active participation in group therapy and opportunities to demonstrate meaningful change.
- As of June 30, 2018, approximately 85 percent of MSOP treatment-eligible clients voluntarily participated in treatment.
- As of June 30, 2018, 15 MSOP clients are provisionally discharged in the community.
- All funds spending for this budget activity was $87 million for FY 2018. This represents approximately 20% of the total Direct Care and Treatment (DCT) all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

## PURPOSE & CONTEXT

- As part of the Department of Human Services Direct Care and Treatment (DCT) Administration, the Minnesota Sex Offender Program (MSOP) provides services to individuals who have been civilly committed to receive sex offender treatment.
- MSOP's mission is to promote public safety by providing sex offender treatment.
- Minnesota is one of 20 states with civil commitment laws for sex offenders.
- Most MSOP clients come from the Department of Corrections through the civil commitment process after they have finished their period of incarceration.
- Transfer to Community Preparation Services, provisional discharge or discharge from MSOP must be ordered by the court.

## SERVICES PROVIDED

We accomplish our mission by:

- Creating a therapeutic environment that is safe for clients and staff. The treatment model is client-centered and has a clear progression for each phase of treatment.
- Providing core group therapy, psycho-educational groups, and other programming opportunities in a three phase sex offender treatment program. Clients also participate in rehabilitative services including: education, therapeutic recreational activities and vocational work program assignments.
- Providing risk assessment and professional treatment reports to courts to assist in their decisions.
- Working together with community, policy makers, and other governmental agencies.
- Developing resources for provisionally discharged clients to succeed in the community.

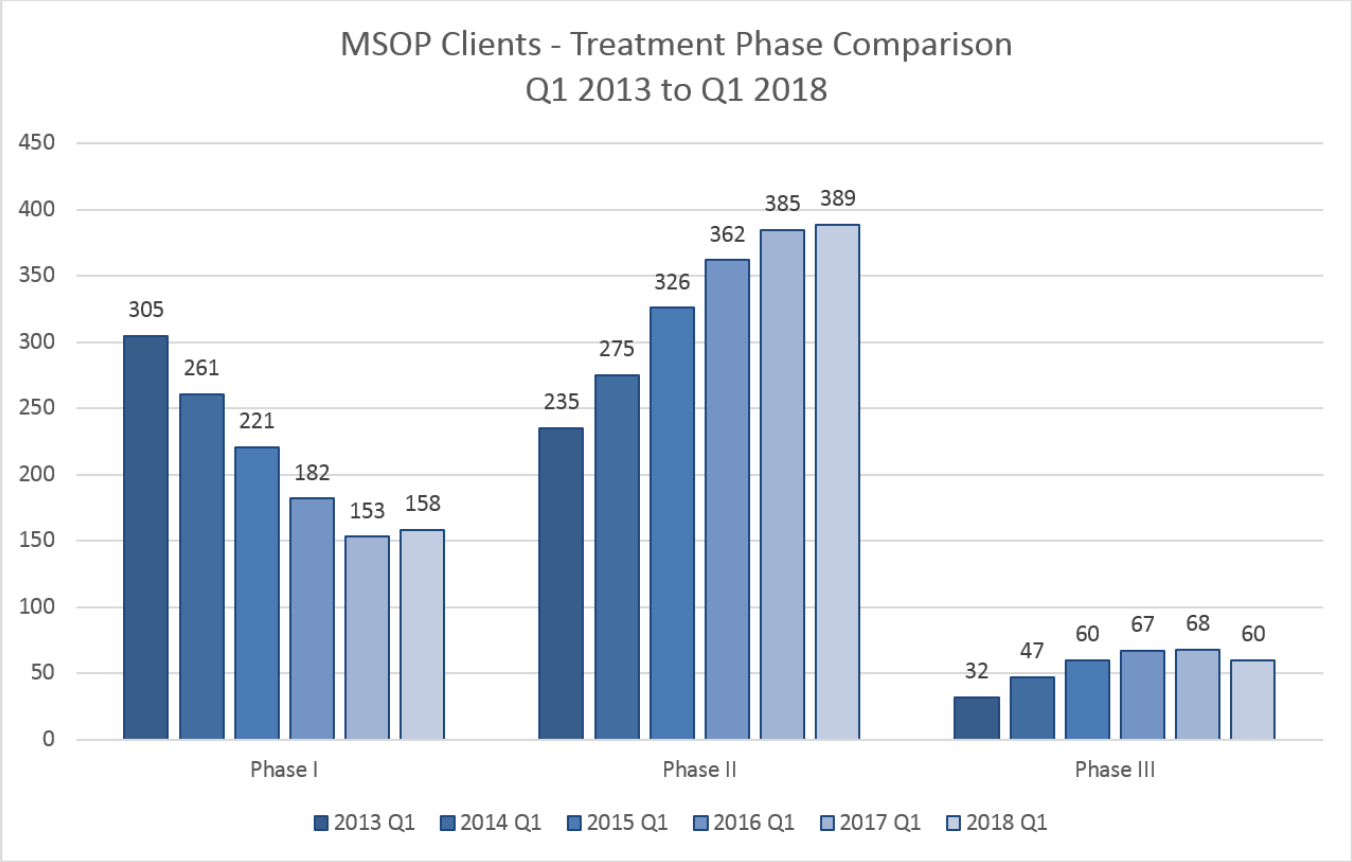
MSOP uses a three-phase treatment process. Clients initially address treatment-interfering behaviors and attitudes (Phase I) in preparation for focusing on their patterns of abuse and identifying and resolving the underlying issues in their offenses (Phase II). Clients in the later stages of treatment focus on deinstitutionalization and reintegration, applying the skills they acquired in treatment across settings and maintaining the changes they have made while managing their risk for re-offense (Phase III).

MSOP is funded by general fund appropriations. When a county commits someone to the program, the county is responsible for part of the cost of care. For commitments initiated before August 2011, the county share is ten

percent. For commitments after that date, the county share is 25 percent. When a client is court ordered to provisional discharge (continued community supervision by MSOP), there is no county share.

## RESULTS

As more clients move through the program, we expect to see increases in the number of clients participating in the latter stages of treatment. The chart below shows the treatment progression of clients since 2013.




The legislature requires an annual performance report on the Minnesota Sex Offender Program. Two important measures in the performance report are the program wide per diem and client counts. For MSOP the program wide per diem is the calculated daily comprehensive cost of the program for each client.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | Per diem | $344 | $373 | FY16 to FY18 |
| Quantity | Increase in client population | 723 | 736 | FY16 to FY18 |
| Quality | Increase in client population on Provisional Discharge | 5 | 15 | FY16 to FY18 |

Results Notes

- Treatment progression graph is produced by the MSOP Research Department.
- The reported measure is the published per diem rate. It is the rate charged to counties when figuring a county's share of the cost of a client's care.
- Client population counts in the table below are as of June 30th (the end of each fiscal year).

Minnesota Statutes, chapter 246B (https://www.revisor.mn.gov/statutes/cite/246B)governs the operation of the Sex Offender Program and chapter https://www.revisor.mn.gov/statutes/cite/253D governs the civil commitment and treatment of sex offenders.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | 81,924 | 85,301 | 86,125 | 92,777 | 87,338 | 87,887 | 97,072 | 97,621 |
| 2000 - Restrict Misc Special Revenue | | | 1,071 | 3 | | | | |
| 4503 - Minnesota State Industries | 1,170 | 1,232 | 1,562 | 1,607 | 1,607 | 1,607 | 1,607 | 1,607 |
| 6000 - Miscellaneous Agency | 3,449 | 3,732 | 3,662 | 3,492 | 3,492 | 3,492 | 3,492 | 3,492 |
| **Total** | **86,543** | **90,264** | **92,420** | **97,879** | **92,437** | **92,986** | **102,171** | **102,720** |
| Biennial Change | | | | 13,492 | | (4,876) | | 14,592 |
| Biennial % Change | | | | 8 | | (3) | | 8 |
| Governor's Change from Base | | | | | | | | 19,468 |
| Governor's % Change from Base | | | | | | | | 11 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 68,291 | 71,116 | 74,628 | 76,833 | 72,721 | 73,270 | 82,455 | 83,004 |
| Operating Expenses | 15,308 | 14,741 | 14,145 | 17,939 | 16,609 | 16,609 | 16,609 | 16,609 |
| Grants, Aids and Subsidies | 2,823 | 3,485 | 3,371 | 3,107 | 3,107 | 3,107 | 3,107 | 3,107 |
| Capital Outlay-Real Property | | 102 | | | | | | |
| Other Financial Transaction | 120 | 821 | 276 | | | | | |
| **Total** | **86,543** | **90,264** | **92,420** | **97,879** | **92,437** | **92,986** | **102,171** | **102,720** |
| ***Full-Time Equivalents*** | **831.37** | **846.36** | **861.79** | **865.20** | **780.23** | **722.23** | **864.23** | **806.23** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | 0 | 2,795 | | 1,056 | | | | |
| Direct Appropriation | 87,081 | 89,596 | 89,217 | 89,225 | 87,338 | 87,887 | 97,072 | 97,621 |
| Transfers In | | | 3,500 | 5,582 | | | | |
| Transfers Out | 3,086 | 6,739 | 5,536 | 3,086 | | | | |
| Cancellations | | 351 | | | | | | |
| Balance Forward Out | 2,071 | | 1,056 | | | | | |
| **Expenditures** | **81,924** | **85,301** | **86,125** | **92,777** | **87,338** | **87,887** | **97,072** | **97,621** |
| Biennial Change in Expenditures | | | | 11,677 | | (3,677) | | 15,791 |
| Biennial % Change in Expenditures | | | | 7 | | (2) | | 9 |
| Governor's Change from Base | | | | | | | | 19,468 |
| Governor's % Change from Base | | | | | | | | 11 |
| Full-Time Equivalents | 829.61 | 845.74 | 861.79 | 865.20 | 780.23 | 722.23 | 864.23 | 806.23 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | | | | 3 | | | | |
| Receipts | | | 1,074 | | | | | |
| Balance Forward Out | | | 3 | | | | | |
| **Expenditures** | | | **1,071** | **3** | | | | |
| Biennial Change in Expenditures | | | | 1,074 | | (1,074) | | (1,074) |
| Biennial % Change in Expenditures | | | | | | (100) | | (100) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **4503 - Minnesota State Industries** | | | | | | | | |
| Balance Forward In | 971 | 1,222 | 1,507 | 1,864 | 1,864 | 1,864 | 1,864 | 1,864 |
| Receipts | 1,164 | 1,363 | 1,920 | 1,607 | 1,607 | 1,607 | 1,607 | 1,607 |
| Balance Forward Out | 965 | 1,352 | 1,864 | 1,864 | 1,864 | 1,864 | 1,864 | 1,864 |
| **Expenditures** | **1,170** | **1,232** | **1,562** | **1,607** | **1,607** | **1,607** | **1,607** | **1,607** |
| Biennial Change in Expenditures | | | | 768 | | 45 | | 45 |
| Biennial % Change in Expenditures | | | | 32 | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 1.76 | 0.62 | | | | | | |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **6000 - Miscellaneous Agency** | | | | | | | | |
| Balance Forward In | 387 | 330 | 276 | 314 | 314 | 314 | 314 | 314 |
| Receipts | 3,242 | 3,616 | 3,700 | 3,492 | 3,492 | 3,492 | 3,492 | 3,492 |
| Balance Forward Out | 180 | 215 | 314 | 314 | 314 | 314 | 314 | 314 |
| **Expenditures** | **3,449** | **3,732** | **3,662** | **3,492** | **3,492** | **3,492** | **3,492** | **3,492** |
| Biennial Change in Expenditures | | | | (27) | | (170) | | (170) |
| Biennial % Change in Expenditures | | | | (0) | | (2) | | (2) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Direct Care and Treatment
# Activity: DCT Administration

mn.gov/dhs/people-we-serve/people-with-disabilities/services/direct-care-treatment/

## AT A GLANCE

- Direct Care and Treatment (DCT) offers programs in more than 200 sites throughout Minnesota.
- We provide services to over 12,000 individuals annually.
- There are over 4,500 employees in Direct Care and Treatment (DCT) with an annual budget of over $450 million.
- All funds spending for this budget activity was $31 million for FY 2018. This represents approximately 7 percent of the total DCT all funds spending. Total DCT spending is less than 3 percent of the overall spending for DHS.

## PURPOSE & CONTEXT

Direct Care and Treatment (DCT) operates as a health care system providing a wide range of services to individuals with behavioral health needs. These services are provided throughout the state with 24/7 operations of sites that include psychiatric hospitals, residential treatment sites, vocational services, secure facilities and community clinics. DCT Administration oversees and manages the business operations of this health care system. The administration also provides strategic plan development and implementation as well as oversight to integrate DCT's 7 pillars of excellence (Quality, Services, People, Growth, Financial, Technology, Legislative) into all programs, divisions and staff.

## SERVICES PROVIDED

Our **Compliance Office** is responsible for managing the relationships with several regulating entities that provide oversight to DCT programs. The staff in this area work with program staff to assure that the programs understand the regulatory, court and legislative requirements and that all standards are being followed.

Our **Health Information Management Services (HIMS) unit** manages all patient and client records to assure that information is properly documented and protected. HIMS provides support to the direct care staff to assure medical records are accurate, timely, and up-to-date, laws are followed related to civil commitment, records are properly stored and access to private information is appropriate and documented. HIMS will also be developing, implementing, and auditing the business processes incorporated into the Behavioral Health Medical Records to ensure the system meets regulatory requirements and business needs.

Our **Utilization Management unit** is responsible for assuring that all patient care is appropriate and is being provided within the right level of care. When individuals are being served in the proper level of care they are able to receive the most appropriate services to meet their needs. Services can then be billed which allows the state to recapture the cost of serving the individual.

On-going training is essential to providing quality care within a health care organization. Our **Learning and Development** office ensures that staff have the necessary training needed to meet regulatory requirements/standards and to best serve the individuals in our care. Each division within DCT has a Learning Advisory Committee and a team of individuals that help develop and manage training to ensure DCT meets regulatory requirements and that training is completed in a timely manner. These groups also ensure ongoing employee training is managed and documented appropriately.

**Performance Improvement** is a regulatory compliance requirement. This office ensures our programs meet quality assurance and performance improvement standards. Performance improvement projects are done with a

goal of improving the processes and systems that support our healthcare services. Projects allow us to be pro-active in identifying areas of risks and potential problems but also to respond to a problem that has been identified by an oversight entity so measures can be put in place to eliminate future risks.

Our **Safety and Infection Control** staff ensure that standards set by various licensing agencies are in place to protect the people we serve and our staff. On-going identification of hazards assures that practices are put in place to maintain safety and supports the business continuity planning and emergency response by the organization. This includes the ongoing monitoring of things such as tuberculosis, influenza, safe patient handling, falls prevention, and safe operation of equipment.

Our **Financial Management** office provides fiscal services and controls the financial transactions and reporting to assure prudent use of public resources. Core functions in this area include preparing operating and legislative budget requests, patient services billing and accounts receivable, contract management support, accounts payable, Medicare and/or Medicaid Cost reporting for our hospitals and clinics, financial reporting, and resident trust services for our institutional patients and clients.

Our **Facilities Management** unit is responsible for buildings occupied by DCT programs including the strategic planning necessary to complete capital budget requests. Core functions include leasing of space for DCT, project management of design and construction projects, asset management, conditional facility assessment, department sustainability activities and strategic planning to meet the on-going needs of our programs.

Our **Business Process Services** unit provides support to direct care staff on consistent and standardized processes for doing business. These business processes cross all programs/divisions to develop core ways of providing electronic documentation of admissions, assessments, treatment progress, discharge, etc. Another core function is to ensure these standardized business processes are incorporated into the DCT Behavioral Health Medical Record, which is the backbone of our health care system.

**RESULTS**

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quantity | The number of background checks completed for hand gun permits [1] | 10,118 | 11,761 | FY16 & FY18 |
| Quantity | The number of requests for releasing client specific information | 2,085 | 6,031 | FY16 & FY18 |
| Quantity | The number of unique claims processed for client billings | 140,203 | 162,797 | FY16 & FY18 |

[1] DCT HIMS staff complete the process as required under Minnesota Statute 245.041 to provide commitment information to local law enforcement agencies for the sole purpose of facilitating a firearms background check.

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Minnesota Statutes Chapter 246 (https://www.revisor.mn.gov/statutes/cite/246 )provide the legal authority for Direct Care and Treatment State Operated Services.

NOTE: The budget structure for DHS Direct Care and Treatment programs was modified during the 2018-2019 Biennial Budget to better reflect the services provided and the administrative structures supporting them. This modification brought all DCT under a single Program containing five Budget Activities.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1000 - General | | | 31,711 | 37,192 | 29,031 | 29,290 | 29,430 | 29,639 |
| 2000 - Restrict Misc Special Revenue | 2,747 | 1,854 | 3,862 | 6,266 | 3,662 | 3,662 | 3,412 | 3,412 |
| 2001 - Other Misc Special Revenue | 720 | 333 | 8,556 | 8,540 | 8,540 | 8,540 | 8,540 | 8,540 |
| 2403 - Gift | 0 | | | | | | | |
| **Total** | **3,467** | **2,187** | **44,130** | **51,998** | **41,233** | **41,492** | **41,382** | **41,591** |
| Biennial Change | | | | 90,475 | | (13,403) | | (13,155) |
| Biennial % Change | | | | 1,600 | | (14) | | (14) |
| Governor's Change from Base | | | | | | | | 248 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | 1,293 | 412 | 26,675 | 33,102 | 31,977 | 31,977 | 32,022 | 32,002 |
| Operating Expenses | 2,160 | 1,764 | 17,140 | 18,896 | 9,256 | 9,515 | 9,360 | 9,589 |
| Grants, Aids and Subsidies | 4 | 3 | 1 | | | | | |
| Other Financial Transaction | 10 | 7 | 314 | | | | | |
| **Total** | **3,467** | **2,187** | **44,130** | **51,998** | **41,233** | **41,492** | **41,382** | **41,591** |
| ***Full-Time Equivalents*** | **11.70** | **18.14** | **224.42** | **284.85** | **258.14** | **253.45** | **258.64** | **253.75** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1000 - General** | | | | | | | | |
| Balance Forward In | | | | 6,512 | | | | |
| Direct Appropriation | | | 45,151 | 45,708 | 47,124 | 47,383 | 47,523 | 47,732 |
| Transfers In | | | 13,914 | 8,139 | | | | |
| Transfers Out | | | 20,841 | 23,167 | 18,093 | 18,093 | 18,093 | 18,093 |
| Balance Forward Out | | | 6,512 | | | | | |
| **Expenditures** | | | **31,711** | **37,192** | **29,031** | **29,290** | **29,430** | **29,639** |
| Biennial Change in Expenditures | | | | 68,903 | | (10,582) | | (9,834) |
| Biennial % Change in Expenditures | | | | | | (15) | | (14) |
| Governor's Change from Base | | | | | | | | 748 |
| Governor's % Change from Base | | | | | | | | 1 |
| Full-Time Equivalents | | | 190.80 | 244.80 | 234.09 | 229.84 | 234.59 | 230.14 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 628 | 1,263 | 1,724 | 3,256 | 502 | 502 | 502 | 502 |
| Direct Appropriation | 250 | | 200 | 100 | 100 | 100 | 0 | 0 |
| Receipts | 3,123 | 2,516 | 5,194 | 3,412 | 3,412 | 3,412 | 3,412 | 3,412 |
| Transfers In | | | | | 150 | 150 | 0 | 0 |
| Transfers Out | 23 | 106 | | | | | | |
| Cancellations | | 109 | | | | | | |
| Balance Forward Out | 1,231 | 1,710 | 3,256 | 502 | 502 | 502 | 502 | 502 |
| **Expenditures** | **2,747** | **1,854** | **3,862** | **6,266** | **3,662** | **3,662** | **3,412** | **3,412** |
| Biennial Change in Expenditures | | | | 5,527 | | (2,804) | | (3,304) |
| Biennial % Change in Expenditures | | | | 120 | | (28) | | (33) |
| Governor's Change from Base | | | | | | | | (500) |
| Governor's % Change from Base | | | | | | | | (7) |
| Full-Time Equivalents | 11.70 | 18.14 | 33.62 | 40.05 | 24.05 | 23.61 | 24.05 | 23.61 |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 285 | 188 | 293 | 485 | 485 | 485 | 485 | 485 |
| Receipts | 623 | 437 | 679 | 470 | 470 | 470 | 470 | 470 |
| Transfers In | | | 8,069 | 8,070 | 8,070 | 8,070 | 8,070 | 8,070 |
| Balance Forward Out | 188 | 293 | 485 | 485 | 485 | 485 | 485 | 485 |
| **Expenditures** | **720** | **333** | **8,556** | **8,540** | **8,540** | **8,540** | **8,540** | **8,540** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Biennial Change in Expenditures | | | | 16,044 | | (16) | | (16) |
| Biennial % Change in Expenditures | | | | 1,525 | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2400 - Endowment** | | | | | | | | |
| Balance Forward In | 60 | 61 | 61 | 62 | 63 | 63 | 63 | 63 |
| Receipts | 0 | 1 | 1 | 1 | | | | |
| Balance Forward Out | 61 | 61 | 62 | 63 | 63 | 63 | 63 | 63 |
| **2403 - Gift** | | | | | | | | |
| Balance Forward In | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 7 |
| Receipts | 0 | 0 | 0 | | | | | |
| Balance Forward Out | 8 | 8 | 8 | 7 | 7 | 7 | 7 | 7 |
| **Expenditures** | **0** | | | | | | | |
| Biennial Change in Expenditures | | | | 0 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | |
| **4100 - SOS TBI & Adol Ent Svcs** | | | | | | | | |
| Balance Forward In | 107 | 108 | 109 | 111 | 111 | 111 | 111 | 111 |
| Receipts | 1 | 1 | 2 | | | | | |
| Balance Forward Out | 108 | 109 | 111 | 111 | 111 | 111 | 111 | 111 |
| **6000 - Miscellaneous Agency** | | | | | | | | |
| Balance Forward In | 168 | 169 | 171 | 173 | 173 | 173 | 173 | 173 |
| Receipts | 1 | 2 | 3 | | | | | |
| Balance Forward Out | 169 | 171 | 173 | 173 | 173 | 173 | 173 | 173 |

# Program: Fiduciary Activities
# Activity: Fiduciary Activities

mn.gov/dhs/people-we-serve/children-and-families/services/child-support/

## AT A GLANCE

- Child Support program payments are the bulk of this activity, amounting to $602.7 million in the same year.
- All funds spending for the Fiduciary Activities activity for FY 2017 was $636.5 million.

## PURPOSE & CONTEXT

The Fiduciary Activities budget program:

- Collects money from individuals and organizations (for example people who owe child support)
- Distributes the collected funds to people owed the money (such as children receiving child support)

Because these are not state funds and belong to others, they are not included in the state's budget or consolidated fund statement.

## SERVICES PROVIDED

The following services make up most of the transactions of this budget activity:

- Child Support Payments: Payments made to custodial parents, collected from non-custodial parents
- Recoveries: Money recovered from clients that cannot be processed in the state computer systems. Funds are held here until they can be credited to the correct area, such as:
  - US Treasury
  - Supplemental Security Income (SSI)
  - Counties
  - Clients
- Long-Term Care Penalties: These are funds collected by the federal government (Centers for Medicare and Medicaid Services) related to penalties for nursing home violations. We use these to fund approved projects to improve nursing homes.

## RESULTS

The Child Support Program makes timely distribution of collected child support payments to custodial parents and ranks in the top tier of states in terms of percent collections and payments on both current obligations and arrears.

**State Performance on Current Obligations**

| *State* | *FFY 2016 (%)* | *Due 2016 in Millions ($)* | *Paid 2016 in Millions ($)* | *FFY 2015 (%)* | *FFY 2014 (%)* |
|---|---|---|---|---|---|
| Pennsylvania | 84.3 | 1,264 | 1,066 | 84.0 | 83.5 |
| Wisconsin | 74.4 | 696 | 518 | 74.1 | 73.0 |
| **Minnesota** | **74.2** | **604** | **449** | **73.4** | **72.4** |
| Vermont | 74.2 | 48 | 35 | 72.7 | 70.8 |
| Iowa | 73.5 | 333 | 245 | 74.2 | 73.9 |

**State Performance on Obligations in Arrears**

| *State* | *FFY 2016 (%)* | *Cases with Arrears (2016)* | *Cases with Payment Towards Arrears (2016)* | *FFY 2015 (%)* | *FFY 2014 (%)* |
|---|---|---|---|---|---|
| Pennsylvania | 84.5 | 274,727 | 232,184 | 83.9 | 83.5 |
| Vermont | 75.5 | 14,038 | 10,607 | 73.4 | 71.6 |
| Indiana | 73.2 | 233,432 | 171,016 | 71.8 | 70.3 |
| **Minnesota** | **72.3** | **179,267** | **129,721** | **72.1** | **70.9** |
| Wyoming | 70.5 | 27,011 | 19,065 | 71.8 | 70.7 |

Source: 2017 Minnesota Child Support Performance Report (https://www.leg.state.mn.us/docs/2018/other/180484.pdf)

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Several state statutes underlie the activities in the Fiduciary Activities budget program. These statutes are M.S. sections 256.741 (https://www.revisor.mn.gov/statutes/?id=256.741), 256.019 (https://www.revisor.mn.gov/statutes/?id=256.019), 256.01 (https://www.revisor.mn.gov/statutes/?id=256.01), and 256B.431 (https://www.revisor.mn.gov/statutes/?id=256B.431).

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 2000 - Restrict Misc Special Revenue | 2,114 | 1,780 | 2,213 | 2,456 | 2,553 | 3,052 | 2,553 | 3,052 |
| 6000 - Miscellaneous Agency | 29,678 | 31,968 | 28,499 | 212,818 | 209,775 | 209,775 | 209,775 | 209,775 |
| 6003 - Child Support Enforcement | 615,740 | 602,763 | 591,132 | 658,280 | 647,962 | 647,962 | 647,962 | 647,962 |
| **Total** | **647,531** | **636,510** | **621,844** | **873,554** | **860,290** | **860,789** | **860,290** | **860,789** |
| Biennial Change | | | | 211,356 | | 225,681 | | 225,681 |
| Biennial % Change | | | | 16 | | 15 | | 15 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| ***Expenditures by Category*** | | | | | | | | |
| Compensation | | | | 103 | 103 | 103 | 103 | 103 |
| Operating Expenses | 4,866 | 4,360 | 4,958 | 7,503 | 5,298 | 5,797 | 5,298 | 5,797 |
| Grants, Aids and Subsidies | 14,997 | 15,961 | 17,252 | 195,063 | 194,322 | 194,322 | 194,322 | 194,322 |
| Other Financial Transaction | 627,668 | 616,189 | 599,633 | 670,885 | 660,567 | 660,567 | 660,567 | 660,567 |
| **Total** | **647,531** | **636,510** | **621,844** | **873,554** | **860,290** | **860,789** | **860,290** | **860,789** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 5,699 | 4,714 | 4,538 | 3,951 | 4,286 | 4,210 | 4,286 | 4,210 |
| Receipts | 2,752 | 2,580 | 2,767 | 4,269 | 4,269 | 4,269 | 4,269 | 4,269 |
| Transfers In | 173 | 115 | 85 | | | | | |
| Transfers Out | 1,820 | 1,099 | 1,225 | 1,478 | 1,792 | 1,520 | 1,792 | 1,520 |
| Balance Forward Out | 4,691 | 4,531 | 3,951 | 4,286 | 4,210 | 3,907 | 4,210 | 3,907 |
| **Expenditures** | **2,114** | **1,780** | **2,213** | **2,456** | **2,553** | **3,052** | **2,553** | **3,052** |
| Biennial Change in Expenditures | | | | 776 | | 936 | | 936 |
| Biennial % Change in Expenditures | | | | 20 | | 20 | | 20 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **6000 - Miscellaneous Agency** | | | | | | | | |
| Balance Forward In | 4,618 | 4,611 | 2,541 | 3,043 | | | | |
| Receipts | 28,780 | 29,777 | 29,001 | 209,775 | 209,775 | 209,775 | 209,775 | 209,775 |
| Balance Forward Out | 3,720 | 2,421 | 3,043 | | | | | |
| **Expenditures** | **29,678** | **31,968** | **28,499** | **212,818** | **209,775** | **209,775** | **209,775** | **209,775** |
| Biennial Change in Expenditures | | | | 179,671 | | 178,233 | | 178,233 |
| Biennial % Change in Expenditures | | | | 291 | | 74 | | 74 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **6003 - Child Support Enforcement** | | | | | | | | |
| Balance Forward In | 9,904 | 9,380 | 10,624 | 10,318 | | | | |
| Receipts | 615,216 | 604,026 | 590,826 | 647,962 | 647,962 | 647,962 | 647,962 | 647,962 |
| Balance Forward Out | 9,380 | 10,643 | 10,318 | | | | | |
| **Expenditures** | **615,740** | **602,763** | **591,132** | **658,280** | **647,962** | **647,962** | **647,962** | **647,962** |
| Biennial Change in Expenditures | | | | 30,909 | | 46,512 | | 46,512 |
| Biennial % Change in Expenditures | | | | 3 | | 4 | | 4 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

# Program: Technical Activities
# Activity: Technical Activities

## AT A GLANCE

- Accounts for approximately $600 million in annually federal administrative reimbursement to counties, tribes and other local agencies.
- Processes and returns roughly $40 million each year in administrative reimbursements to the state Treasury.
- All funds spending for the Technical Activities activity for FY 2017 was approximately $700 million.

## PURPOSE & CONTEXT

The Technical Activities budget program includes transfers and expenditures between federal grants, programs and other agencies that would result in misleading distortions of the state's budget if the Department of Human Services did not account for them in a separate budget activity. This arrangement helps us to make sure that these transfers and expenditures are still properly processed in the state's accounting system and helps us comply with federal accounting requirements

## SERVICES PROVIDED

We include several different types of inter-fund and pass through expenditures 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 the general fund, health care access fund or special revenue fund under state law and policy.
- Transfers between federal grants, programs and state agencies that are accounted for as expenditures in the state's SWIFT accounting system.
- Other technical accounting transactions.

Staff members in our Operations Administration, which is part of our Central Office, are responsible for the accounting processes we use to manage the Technical Activities budget program.

## RESULTS

We maintain necessary staff and information technology resources to adequately support accurate, efficient, and timely federal fund cash management. We measure the percentage of federal funds deposited within two working days.

| *Type of Measure* | *Name of Measure* | *Previous* | *Current* | *Dates* |
|---|---|---|---|---|
| Quality | Percent of federal fund deposit transactions completed (deposited in State treasury) within two working days of the amount being identified by the SWIFT accounting system. | 94% | 98.5% | FY2013 to FY2015 |

M.S. sections 256.01 (https://www.revisor.mn.gov/statutes/?id=256.01) to 256.011 (https://www.revisor.mn.gov/statutes/?id=256.011) and Laws 1987, chapter 404, section 18, provide the overall state legal authority for DHS's Technical Activities budget program.

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| ***Expenditures by Fund*** | | | | | | | | |
| 1200 - State Government Special Rev | | 59 | 18 | 18 | 18 | 18 | 18 | 18 |
| 2000 - Restrict Misc Special Revenue | 3,510 | 3,413 | 3,815 | 4,169 | 3,993 | 3,993 | 1,309 | 1,309 |
| 2001 - Other Misc Special Revenue | 4,389 | (73,892) | 41,449 | 46,094 | 4,316 | 4,316 | 4,316 | 4,316 |
| 2360 - Health Care Access | | 413 | 158 | 158 | 158 | 158 | 158 | 158 |
| 3000 - Federal | 599,321 | 664,652 | 712,648 | 783,027 | 768,975 | 769,215 | 768,975 | 769,215 |
| 3001 - Federal TANF | 81,707 | 83,017 | 84,042 | 83,856 | 84,068 | 84,297 | 84,068 | 84,297 |
| 4800 - Lottery | | 2 | 1 | | | | | |
| **Total** | **688,927** | **677,664** | **842,130** | **917,322** | **861,528** | **861,997** | **858,844** | **859,313** |
| Biennial Change | | | | 392,861 | | (35,927) | | (41,295) |
| Biennial % Change | | | | 29 | | (2) | | (2) |
| Governor's Change from Base | | | | | | | | (5,368) |
| Governor's % Change from Base | | | | | | | | (0) |
| ***Expenditures by Category*** | | | | | | | | |
| Operating Expenses | 229,681 | 183,458 | 363,460 | 388,463 | 345,780 | 345,365 | 345,530 | 345,115 |
| Grants, Aids and Subsidies | 452,939 | 485,936 | 471,807 | 523,289 | 510,108 | 510,982 | 507,674 | 508,548 |
| Other Financial Transaction | 6,306 | 8,270 | 6,863 | 5,570 | 5,640 | 5,650 | 5,640 | 5,650 |
| **Total** | **688,927** | **677,664** | **842,130** | **917,322** | **861,528** | **861,997** | **858,844** | **859,313** |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **1200 - State Government Special Rev** | | | | | | | | |
| Open Appropriation | | 59 | 18 | 18 | 18 | 18 | 18 | 18 |
| **Expenditures** | | **59** | **18** | **18** | **18** | **18** | **18** | **18** |
| Biennial Change in Expenditures | | | | (23) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | 1 | | 1 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2000 - Restrict Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 95 | 40 | 34 | 143 | | | | |
| Receipts | 41 | 115 | 68 | 460 | 460 | 460 | 460 | 460 |
| Transfers In | 3,415 | 3,293 | 3,856 | 3,575 | 3,533 | 3,533 | 849 | 849 |
| Transfers Out | | 2 | | 9 | | | | |
| Balance Forward Out | 40 | 34 | 143 | | | | | |
| **Expenditures** | **3,510** | **3,413** | **3,815** | **4,169** | **3,993** | **3,993** | **1,309** | **1,309** |
| Biennial Change in Expenditures | | | | 1,060 | | 2 | | (5,366) |
| Biennial % Change in Expenditures | | | | 15 | | 0 | | (67) |
| Governor's Change from Base | | | | | | | | (5,368) |
| Governor's % Change from Base | | | | | | | | (67) |
| **2001 - Other Misc Special Revenue** | | | | | | | | |
| Balance Forward In | 478 | 795 | 79,532 | 42,418 | | | | |
| Receipts | 1,799 | 1,543 | 989 | | 10 | 10 | 10 | 10 |
| Transfers In | 2,740 | 3,303 | 3,455 | 3,706 | 4,306 | 4,306 | 4,306 | 4,306 |
| Transfers Out | | 2 | 110 | 30 | | | | |
| Balance Forward Out | 628 | 79,532 | 42,418 | | | | | |
| **Expenditures** | **4,389** | **(73,892)** | **41,449** | **46,094** | **4,316** | **4,316** | **4,316** | **4,316** |
| Biennial Change in Expenditures | | | | 157,045 | | (78,911) | | (78,911) |
| Biennial % Change in Expenditures | | | | (226) | | (90) | | (90) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| **2360 - Health Care Access** | | | | | | | | |
| Open Appropriation | | 413 | 158 | 158 | 158 | 158 | 158 | 158 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| **Expenditures** | | **413** | **158** | **158** | **158** | **158** | **158** | **158** |
| Biennial Change in Expenditures | | | | (97) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 3000 - Federal

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 344 | 481 | 301 | | | | | |
| Receipts | 599,223 | 664,559 | 712,547 | 783,027 | 768,975 | 769,215 | 768,975 | 769,215 |
| Transfers Out | | | 200 | | | | | |
| Balance Forward Out | 245 | 388 | | | | | | |
| **Expenditures** | **599,321** | **664,652** | **712,648** | **783,027** | **768,975** | **769,215** | **768,975** | **769,215** |
| Biennial Change in Expenditures | | | | 231,702 | | 42,515 | | 42,515 |
| Biennial % Change in Expenditures | | | | 18 | | 3 | | 3 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 3001 - Federal TANF

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Balance Forward In | 44,875 | 63,858 | 60,030 | 56,014 | 48,518 | 39,823 | 48,518 | 39,823 |
| Receipts | 100,690 | 79,189 | 80,026 | 76,360 | 75,373 | 74,129 | 75,373 | 74,129 |
| Balance Forward Out | 63,858 | 60,030 | 56,014 | 48,518 | 39,823 | 29,655 | 39,823 | 29,655 |
| **Expenditures** | **81,707** | **83,017** | **84,042** | **83,856** | **84,068** | **84,297** | **84,068** | **84,297** |
| Biennial Change in Expenditures | | | | 3,175 | | 467 | | 467 |
| Biennial % Change in Expenditures | | | | 2 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

## 4800 - Lottery

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Open Appropriation | | 2 | 1 | | | | | |
| **Expenditures** | | **2** | **1** | | | | | |
| Biennial Change in Expenditures | | | | (1) | | (1) | | (1) |
| Biennial % Change in Expenditures | | | | | | | | |
| Governor's Change from Base | | | | | | | | 0 |

*(Dollars in Thousands)*

| | Actual FY16 | Actual FY17 | Actual FY18 | Estimate FY19 | Forecast Base FY20 | Forecast Base FY21 | Governor's Recommendation FY20 | Governor's Recommendation FY21 |
|---|---|---|---|---|---|---|---|---|
| Governor's % Change from Base | | | | | | | | |

(Dollars in Thousands)

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, CMS 93.506 | **ACA-Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long-term Care Facilities and Providers:** DHS conducts background studies for health and human services programs licensed by DHS, MDH, and some at the Department of Corrections (DOC). This grant provided increased fingerprint identification resources and included a "rap back" feature to identify staff who may need to be disqualified after the initial routine background check. | | 390 | 0 | 0 | 0 | Yes | 9.0 |
| Dept. of Health & Human Services, Admin. for Children and Families 93.558 | **Temporary Assistance for Needy Families (TANF) Block Grant:** Grants to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. These funds are used to provide grants to counties and tribes to provide support services for Minnesota Family Investment Program (MFIP)/Diversionary Work Program (DWP) participants that include job search/skills, adult basic education, GED classes, job coaching, short-term training, county programs to help with emergency needs, and help accessing other services such as child care, medical care and CD/Mental health services. An average of 27,000 people were enrolled in employment services each month. TANF also helps fund the MFIP/DWP cash benefit program and child care assistance programs as well as other programs that help low-income families with children. | | 268,270 | 273,621 | 274,650 | 276,246 | Yes | 14.7 |
| Dept. of Health &Human Services; Admin. For Children & Families 93.575 and 93.596 | **Child Care and Development Block Grant (CCDF):** Provides funds to States to increase the availability, affordability, and quality of child care services for low-income families where the parents are working or attending training or educational programs. This grant helps fund the Minnesota Family Investment Program (MFIP) and Basic Sliding Fee Child Care Assistance Programs that help low-income families pay for child care so that parents may pursue employment or education leading to employment. Also funded are Child Care Development Grants that promote services to improve school readiness, and the quality and availability of child care in Minnesota. In FY 2017, an average of 14,554 families per month received child care assistance subsidies. | | 149,153 | 151,541 | 155,598 | 152,186 | 93.575-Yes 93.596 - No | 33.9 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, CMS | **Federal Basic Health Funding:** The MinnesotaCare program is currently operating as a federal basic health plan (BHP) under section 1331 of the Affordable Care Act. Under the BHPHS currently receives federal basic health plan funding equal to 95 percent of federal tax credits and cost sharing subsidies available to people who would otherwise enroll in a health insurance exchange. In FY 2017, MinnesotaCare had an average monthly enrollment of 89,081. | | 368,675 | 400,835 | 444,224 | 470,882 | Yes | 0.0 |
| Dept. of Health & Human Services, CMS 93.777 | **State Survey and Certification of Health Care Providers and Suppliers:** This grant provides funding for a contract with Minnesota Department of Health (MDH) to certify nursing homes and rehabilitation providers in accordance with requirements from the Centers for Medicare and Medicaid Services. These providers may not participate in the Medicaid program unless they are certified. | | 14,589 | 8,523 | 8,523 | 8,523 | Yes | 0.0 |
| Dept. of Health &Human Services, CMS 93.778 | **Medical Assistance Program:** The state earns administrative FFP for activities which support Medical Assistance (MA) which is Minnesota's Medicaid program. This grant is an administrative pass-through of federal financial participation (FFP) to counties, DHS systems, and the state general fund for approved MA administrative activities. | | 478,164 | 620,868 | 622,186 | 623,236 | Yes | 0.0 |
| Dept. of Health & Human Services, CMS 93.778 | **State Innovation Model Testing:** This grant builds upon the Minnesota health care delivery system reforms with a focus on patient centered services across a continuum of health care, mental health, long-term care, and other services. The goal of this grant is to create multi-payer models with a broad mission to raise community health status and reduce long term health risks for beneficiaries of Medicare, Medicaid, and CHIP. The Minnesota Accountable Health Model will offer a comprehensive, statewide, imitative to close the current gaps in health information technology, secure exchange health information, quality improvement infrastructure, and workforce capacity needed to provide team-based coordinated care. | | 8,146 | 0 | 0 | 0 | No | 8.0 |
| Dept. of Health & Human Services, CMS | **Medical Assistance Program:** Medicaid program grants provide comprehensive health care coverage and access to long term care services and supports to an average 1.1 million uninsured or underinsured Minnesotans who meet income and other eligibility requirements. This program is managed by the state under guidance from the federal government. The amounts reported here are the federal share of spending for this joint federal-state program. | | 7,100,894 | 6,834,576 | 7,686,509 | 7,560,553 | Yes | 0.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, CMS 93.778 | **Medical Assistance Program:** The Federal Children's Health Insurance Program (SCHIP) grants provide coverage to over 3,500 uninsured low-income children and pregnant women who do not qualify for regular Medicaid. Minnesota also applies a portion of its federal CHIP allotment to enhance the regular 50 percent federal share for children on Medical Assistance with household incomes above 138 percent of poverty. | | 141,983 | 117,129 | 101,490 | 80,960 | Yes | 0.0 |
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.959 | **Block Grants for Prevention and Treatment of Substance Abuse:** The Consolidated Chemical Dependency Treatment Fund (CCDTF) combines otherwise separate funding sources – the federal Substance Abuse, Prevention and Treatment block grant, MA, Minnesota Care and other state appropriations – into a single fund. (The CCDTF provides funding for residential and non-residential addiction treatment services for eligible low-income Minnesotans who have been assessed as needing treatment for chemical abuse or dependency. In CY2016 there were 56,157 substance abuse treatment admission for Minnesota residents, the CCDTF fund covered services for (43.6%) of these admissions. Almost all treatment providers in the state are enrolled as CCDTF providers). These amounts are the federal CD block grant. | | 23,571 | 25,824 | 26,098 | 26,098 | Yes | 31.7 |
| Dept. Of Agriculture, Food and Nutrition Service 10.561 | **State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP):** These service grants represent revenues to the general fund from the federal Supplemental Nutrition Assistance Program (SNAP) Employment & Training program which provides 50% federal matching funds for support services such as child care and other employment supports provided to eligible SNAP recipients. There are approximately 26,500 participants in SNAP employment and training activities during the year. Matching funds for child care and diversionary work program ended 6/30/17. | | 2,819 | 13,350 | 13,350 | 13,350 | Yes | 0.0 |
| Dept. of Health & Human Services; Admin. for Children & Families 93.563 | **Child Support Enforcement:** This funding is the federal financial participation (FFP) for the Supreme Court, Department of Corrections, county federal incentives, County Income Maintenance (both administrative and indirect costs), systems fund, general fund and 1115 grants. | | 115,299 | 118,823 | 120,000 | 120,000 | Yes | 0.0 |
| Dept. of Health & Human Services, Admin. for Children and Families 93.597 | **Grants to States for Access & Visitation Programs:** Grant provides resources to states to help establish programs to support and facilitate noncustodial parents' access to and visitation of their children. The grant serves approximately 675 families. | | 132 | 190 | 276 | 276 | No | 0.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, Admin. for Children and Families 93.564 | **Digital Marketing Grant:** New grant to increase participation in the Child Support Program. | Yes | 0 | 0 | 340 | 340 | No | 0.0 |
| Dept. Of Agriculture, Food and Nutrition Service 10.568 | **Trade Mitigation Program:** Grant to support food banks store and distribute The Emergency Food Assistance Program (TEFAP). Funds assist with the operational costs of the receipt, storage, and distribution of additional food for the Food Banks to serve low income households with income at or below 200% of the federal poverty guidelines. | Yes | 0 | 250 | 500 | 500 | No | 0.0 |
| Dept. of Health & Human Services; Admin. For Children & Families CFDA 93.658 | **Foster Care Title IV-E:** This grant helps states provide temporary safe and stable out-of-home care for children whose parents cannot safely care for them. In 2017, 16,573 children experienced out-of-home placements. | | 63,554 | 66,624 | 68,170 | 69,801 | Yes | 0.0 |
| Dept. of Health &Human Services; Admin. For Children & Families CFDA 93.669 | **Child Abuse Prevention and Treatment Act (CAPTA):** Grant is used to improve child protective services systems. In Minnesota, grants to five counties are used to administer the federally required Citizen Review Panels for child protection services. The counties are Chisago, Hennepin, Ramsey, Washington and Winona. This is a requirement of all states to be able to access other federal reimbursement. | | 418 | 1,852 | 2,078 | 2,078 | No | 3.2 |
| Dept. of Health & Human Services; Admin. For Children & Families 93.645 | **Child Welfare Services Title IV-B1:** Grant to promote state flexibility in the development and expansion of a coordinated child and family services program that utilizes community-based agencies and ensures all children are raised in safe, loving families. These funds provide 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. Grants support services to approximately 30,000 families per year. | | 4,417 | 4,783 | 4,783 | 4,783 | Yes | 35.5 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health Human Services; Admin. For Children & Families 93.643 | **Children's Justice Grants to States:** Grants to encourage states to enact reforms designed to improve (1) the assessment and investigation of suspected child abuse and neglect cases, including cases of suspected child sexual abuse and exploitation, in a manner that limits additional trauma to the child and the child's family; (2) the assessment and investigation of cases of suspected child abuse-related fatalities and suspected child neglect-related fatalities; (3) the investigation and prosecution of cases of child abuse and neglect, including child sexual abuse and exploitation; and (4) the assessment and investigation of cases involving children with disabilities or serious health-related problems who are suspected victims of child abuse or neglect. In Minnesota these grants provide 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 approximately 183 participants annually. | | 287 | 299 | 349 | 349 | No | 1.0 |
| Dept. of Health & Human Services, Admin. for Children & Families 93.674 | **Chafee Foster Care Independence Program:** Federal funding passed in 1999, provides funding to and governs the program known as the Support for Emancipation and Living Functionally (SELF) Program in Minnesota. The intent of the funds is to reduce the risk that youth aging out of long term out-of-home placement will become homeless or welfare dependent. Funds are therefore awarded for the provision of services designed to help older youth, currently or formerly in out-of-home care, prepare for a successful transition to adulthood. Approximately 1,420 high-risk youth are served annually. | | 2,066 | 1,984 | 2,979 | 2,979 | Yes | 2.8 |
| Dept. of Health & Human Services, Admin. for Children & Families 93.659 | **Adoption Assistance:** Federal financial participation for payments to individuals adopting Title IV-E special needs children. Approximately 7,127 children receive IV-E adoption assistance. This assistance is intended to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency and well-being. | | 32,993 | 46,556 | 53,063 | 59,732 | Yes | 0.0 |
| Dept. of Health & Human Services, Admin. for Children & Families 93.599 | **Chafee Education and Training Vouchers Program (ETV):** Grant provides resources to States to make available vouchers for postsecondary training and education to help defray the costs of post-secondary education to approximately 120 youth who age-out of foster case at age 18. | | 826 | 699 | 1,083 | 1,083 | Yes | 0.7 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services: Admin. for Children & Families 93.556 | **Promoting Safe and Stable Families (Title IV-B2 Child Welfare Program):** Grant provides funds to help prevent the unnecessary separation of children from their families, improve the quality of care and services to children and their families, and ensure permanency for children by reuniting them with their parents, by adoption or by another permanent living arrangement. Funding provides grants to community-based agencies, counties and tribes to provide services to families to reduce the risk of maltreatment, to prevent child maltreatment and improve family functioning for families reported to child protection services, and provide child protective services to strengthen families and prevent out-of-home placement when it is safe to do. This grant helps serve approximately 20,000 families. | | 3,875 | 3,624 | 4,022 | 4,022 | Yes | 3.6 |
| Dept. of Health & Human Services: Admin. for Children & Families 93.590 | **Community-Based Child Abuse Prevention Grants (Child Trust Fund) :** Grant supports community-based efforts to develop, operate, expand, and enhance, and coordinate initiatives, programs, and activities to prevent child abuse and neglect and to support the coordination of resources and activities to better strengthen and support families to reduce the likelihood of child abuse and neglect; and (2) to foster understanding, appreciation and knowledge of diverse populations in order to effectively prevent and treat child abuse and neglect. Funds provide 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. | | 2,394 | 2,370 | 2,838 | 2,653 | Yes | 1.4 |
| Dept. of Human Services: Admin. for Children & Families 93.603 | **Adoption Incentive Payments:** provide incentives to States to increase annually the number of foster child adoptions, special needs adoptions, and older child adoptions. These funds are used for grants to providers for adoption-related services, including post adoption. | | 244 | 874 | 887 | 887 | No | 0.0 |
| Dept. of Health & Human Services, Admin for Children & Families | Federal financial participation (FFP) to states who opt to provide guardianship assistance payments for the care of children by relatives who have assumed legal guardianship of eligible children for whom they previously cared as foster parents. This assistance is intended to prevent inappropriately long stays in foster care and to promote the healthy development of children through increased safety, permanency, and well-being. | | 4,793 | 4,950 | 5,045 | 5,145 | Yes | 0.0 |
| Dept. of Health & Human Services: Admin. for Children & Families 93.667 | **Social Service Block Grant (Title XX):** Grant provides social services best suited to meet the needs of individuals that must be directed to one or more of five broad goals: Achieve or maintain economic support to prevent, reduce or eliminate | | 31,619 | 32,167 | 32,164 | 32,164 | No | 11.7 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| | dependency, achieve or maintain self-sufficiency, including reduction or prevention of dependency, preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interest or preserving, rehabilitating or reuniting families, preventing or reducing inappropriate institutional care by providing for community-based care, home-based care or other forms of less intensive care, securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions. Funds provide grants to counties to purchase or provide services for vulnerable children and adults who experience dependency, abuse, neglect, poverty, disability, or chronic health conditions. This grant contributes to costs for services to more than 311,000 adults and children annually. Grants also provide 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. 900 children per year) and grants provide legal advocacy, training and technical assistance in cases regarding custody, Children's Medicaid, permanency, adoption, tribal court proceedings, long-term foster care and others services to the Indian Child Welfare Law Center. | | | | | | | |
| Dept. Of Agriculture, Food and Nutrition Service 10.551 | **Supplemental Nutrition Assistance Program (SNAP):** More than 429,000 Minnesotans receive help through the Supplemental Nutrition Assistance Program every month; the average monthly benefit is $112 per person. | | 523,221 | 567,690 | 571,726 | 575,059 | No | 0.0 |
| Dept. of Housing and Urban Development; Office of Community Planning & Development CFDA 14.231 | **Emergency Solutions Grant Program:** Grant provides funding to: (1) engage homeless individuals and families living on the street; (2) improve the number and quality of emergency shelters for homeless individuals and families; (3) help operate these shelters; (4) provide essential services to shelter residents, (5) rapidly re-house homeless individuals and families, and (6) prevent families and individuals from becoming homeless. This grant provides funding to shelters for operating costs, essential services, and homelessness prevention and costs to administer the federal grant. Approximately 4,700 individuals were served in shelters with these funds. | | 2,055 | 2,068 | 2,154 | 2,154 | Yes | 1.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Agriculture, Food and Nutrition Service 10.561 | **State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP):** Under Federal Supplemental Nutrition Assistance Program regulations, states have the option to include nutrition education activities in the State Plan filed with the Food and Nutrition Service (FNS) of the United States Department of Agriculture. This option allows states to include the costs of nutrition education activities as administrative costs of SNAP. Minnesota adopted this option in the early 1990's. The Minnesota Department of Human Services (DHS) contracts with the University of Minnesota Extension (U of M), White Earth Nation, Red Lake Nation, Leech Lake Band of Ojibwe, Bois Forte Band of Chippewa, Grand Portage Band of Chippewa, Fond du Lac Band of Lake Superior Chippewa, and Mille Lacs Band of Ojibwe to provide nutrition education services. | | 4,329 | 12,633 | 7,942 | 7,770 | Yes | 2.6 |
| Dept. Of Agriculture, Food and Nutrition Service 10.551 | **Supplemental Nutrition Assistance Program:** SNAP reimbursement is received for some Group Residential Housing (GRH) recipients who live in certain facilities where they receive all their meals. | | 4,352 | 14,003 | 5,826 | 5,826 | No | 0.0 |
| Dept. Of Agriculture, Food and Nutrition Service 10.568 | **Emergency Food Assistance Program:** Provides funding to States to enable processing storage and distribution costs incurred in providing food assistance to needy persons. Funds are used to Distribute 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. | | 1,523 | 1,965 | 2,006 | 2,006 | Yes | 1.9 |
| Dept. Of Agriculture, Food and Nutrition Service 10.561 | **State Administrative Matching Funds for the Supplemental Nutrition Assistance Program:** Federal funds for State and County administrative costs for the Supplemental Nutrition Assistance Program (SNAP). | | 57,804 | 53,556 | 53,556 | 53,556 | Yes | 0.0 |
| Dept. of Health &Human Services; Admin. for Children & Families 93.569 | **Community Services Block Grant (CSBG):** Grants to Community Action Agencies and Tribal Governments to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become economically secure. Approximately 515,000 low income individuals in 201,000 families are served with these funds. | | 6,252 | 14,835 | 9,814 | 9,814 | No | 2.9 |
| Dept. Of Agriculture, Food and Nutrition Service 10.561 | **State Administrative Matching Funds for the Supplemental Nutrition Assistance Program:** Federal funds for state and county costs related to employment and training for Supplemental Nutrition Assistance Program (SNAP) recipients. | | 2,403 | 2,112 | 1,565 | 1,565 | No | 2.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. Of Agriculture, Food and Nutrition Service 10.551 | **Supplemental Nutrition Assistance Program (SNAP):** Grant benefits cash out provided to SSI and elderly recipients. | | 25,511 | 26,000 | 26,000 | 26,000 | No | 0.0 |
| Dept. Of Agriculture, Food and Nutrition Service 10.561 | **State Administrative Matching Funds for the Supplemental Nutrition Assistance Program (SNAP):** Grants to Community Action Agencies and anti-hunger organizations to conduct statewide outreach to assist people in determining if they are eligible for SNAP benefits. Under Federal Supplemental Nutrition Assistance Program regulations, states have the option to include outreach activities in the State Plan filed with the Food and Nutrition Service (FNS) of the United States Department of Agriculture. This option allows states to include the costs of outreach activities as administrative costs of SNAP. Costs are reimbursed by FNS at a rate of 50%. Annually more than 429,000 Minnesotans received nutrition assistance through the program every month. | | 2,564 | 2,694 | 2,778 | 2,778 | Yes | 2.0 |
| Dept. of Health & Human Services, Admin. for Children & Families 93.566 | **Refugee Cash and Medical Assistance Program:** Grant reimburses states for the cost of cash and medical assistance provided to refugees (and certain Amerasians from Viet Nam, Cuban and Haitian entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants) who are not eligible for the Minnesota family Investment Program or Medical assistance. Refugees and other populations are eligible for Refugee Cash or Medical Assistance during the first eight months after their arrival in the U.S. or grant of asylum. Also funds program coordination and planning expenses of DHS Resettlement Program Office and oversight of statewide refugee health screening administration. | | 1,773 | 3,276 | 3,236 | 3,236 | No | 8.0 |
| Dept. of Health &Human Services, Admin. For Children & Families 93.584 | **Refugee Targeted Assistance Grant:** Program provides funding for employment-related and other social services for refugees, certain Amerasians from Vietnam, Cuban and Haitian Entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants in areas with large refugee populations. An arrival must be within five years of arriving in this country or grant of asylum to be eligible for services under these grants. | | 899 | 400 | 200 | 0 | No | 0.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Human Services; Admin. For Children & Families 93.566 | **Refugee Social Services:** Grants provide funding for employment-related and other social services for refugees, certain Amerasians from Vietnam, Cuban and Haitian Entrants, asylees, victims of a severe form of trafficking, and Iraqi and Afghan Special Immigrants. An arrival must be within five years of arriving in this country or grant of asylum to be eligible for services under these grants. Approximately 4,200 individuals served annually. | | 2,703 | 4,135 | 4,085 | 4,085 | No | 0.0 |
| Dept. of Health & Human Services, CMS93.778 | **Medical Assistance Program:** The Medicaid Electronic Health Record (EHR) incentive program provides eligible providers and hospitals 100% federally funded incentives to adopt meaningful electronic health record technology. DHS administration and implementation costs are funded at a 90% federal match. This funding is authorized under the American Recovery and Reinvestment Act (ARRA) through the Health Information technology for Clinical and Economic Health (HITECH) act. Funding for this project commenced in October 2012. | | 22,261 | 75,210 | 75,210 | 75,210 | No | 0.0 |
| Dept. of Health & Human Services, CMS 93.779 | **Health Insurance Counseling:** Grants to AAAs and service providers to provide health insurance counseling, education and assistance services to seniors to help obtain health insurance benefits. (Also coordinated with Information and Assistance grants- general fund). The grant also includes administrative funds that are used to implement and administer the grant. | | 825 | 1,000 | 1,000 | 1,000 | No | 2.9 |
| Dept. of Health & Human Services: Admin. for Community Living 93.044 | **Special Programs for the Aging (Aging Social Services):** OAA grants to AAAs and local providers to provide a variety of community-based social services. OAA grants to AAAs for administrative purposes, program development and coordination activities. The grant includes administrative funding to administer and implement the grant. | | 7,606 | 8,009 | 8,768 | 8,768 | Yes | 7.4 |
| Dept. of Health & Human Services, Admin. for Community Living 93.045 | **Special Programs for the Aging:** Older Americans Act (OAA) grants to AAAs and service providers to provide home delivered meal services targeted to seniors in the greatest economic and social need. (Funding coordinated with the general fund Senior Nutrition grant) | | 3,002 | 3,800 | 3,800 | 3,800 | Yes | 0.0 |
| Dept. of Health & Human Services, Admin. for Community Living 93.041 | **Elder Abuse Grants (Elder Abuse Prevention):** OAA grants to service providers to provide activities related to elder abuse prevention. The grant includes administrative funding to administer and implement the grant. | | 64 | 76 | 76 | 76 | No | 1.0 |
| Dept. of Human Services, Admin. for Community Living 93.048 | **Special Programs for the Aging (MN Medical Care Demo Project):** Grants to Area Agencies on Aging (AAA's) and service providers to help seniors obtain health insurance benefits and report fraud, waste and abuse within the health care system. | | 284 | 289 | 289 | 289 | No | 0.6 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, Admin. for Community Living 93.052 | **National Family Caregiver Support (3E Care Giver Grants):** OAA grants to AAAs and service providers to provide information, respite, education, training and support groups to family caregivers. The grant also includes 3E Grandparents Raising Grandchildren Grants and 3E Statewide Activities Grant. In addition, the grant is to a service provider to provide caregiver support services to grandparents raising their grandchildren. The grant also provides statewide training, education and caregiver support activities. | | 2,295 | 2,400 | 2,900 | 2,900 | Yes | 0.0 |
| Dept. of Health & Human Services, Admin. for Community Living 93.053 | **Nutrition Services Incentive Program (NSIP):** OAA grants to AAAs and local nutrition providers as a separate allocation based on the number of meals served in the previous project year. (This grant is coordinated with general fund Senior Nutrition funding). | | 1,847 | 1,800 | 1,800 | 1,800 | Yes | 0.0 |
| Dept. of Health & Human Services, Admin. for Community Living 93.045 | **Special Programs for the Aging (Congregate Meals):** OAA grants to AAAs and service providers to provide congregate meal services targeted to seniors in the greatest economic and social need. The grant is coordinated with the state funded Senior Nutrition grant. This grant includes administrative funding to administer and implement the grant. | | 6,134 | 6,813 | 6,850 | 6,850 | Yes | 0.0 |
| Dept. of Health & Human Services, Admin. for Community Living 93.042 | **Special Programs for the Aging (Ombudsman Supplement):** This OAA grant supplements funding for the Ombudsman for Long Term Care office. The principal role of the Ombudsman Program is to investigate and resolve complaints made by or on behalf of residents of nursing homes or other long-term care facilities. This grant also promote policies and practices needed to improve the quality of care and life in long-term care facilities and educate both consumers and providers about residents' rights and good care practices. | | 260 | 276 | 276 | 276 | No | 2.6 |
| Dept. of Health & Human Services, Admin. for Community Living 93.043 | **Special Programs for the Aging (Aging Preventive Health):** OAA grants to AAAs and service providers to provide preventive health information and services to seniors. | | 407 | 407 | 407 | 407 | Yes | 0.0 |
| Dept. of Health & Human Services: Admin. for Community Living 93.048 | **Special Programs for the Aging:** (Priority 1 SHIP).CMS grants to AAAs to increase capacity to provide information and assistance regarding Medicare. The grant funding also includes administrative funds to administer and implement the grant. | | 209 | 220 | 232 | 243 | Yes | 0.0 |
| Dept. of Health & Human Services: Admin. for Community Living 93.518 | **Affordable Care Act, Medicare Improvements for Patients and Providers (MIPPA) Priority 2.** ACL grants to AAA's to increase capacity to provide information and assistance regarding Medicare. | | 41 | 123 | 129 | 135 | Yes | 0.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services: Admin. for Community Living 93.048 | **Affordable Care Act, Medicare Improvements for Patients and Providers (MIPPA) Priority 3.** ACL grants to ADRC's to increase capacity to provide information and assistance regarding Medicare. | | 85 | 90 | 94 | 99 | Yes | 0.0 |
| Dept. of Health & Human Services, CMS 93.791 | **Money Follows the Person Rebalancing Demonstration**: Grant from CMS that supports the transition of Medicaid participants of all ages who have long term stays in institutions to the community and rebalances MN long term care system to achieve sustainability. Administrative funding throughout DHS to administer and implement the grant. DHS was approved to participate in the Money Follows the Person Tribal Initiative (TI) which allows states and tribes to target resources to build sustainable community-based long term services and supports for tribal members. | | 10,217 | 17,552 | 6,545 | 435 | Yes | 14.0 |
| Dept. of Health & Human Services, Admin. for Community Living93.051 | **Alzheimer's Disease Demonstration Grants to States:** Grant from OAA that will: (1) integrate a statewide set of services/supports through a fully coordinated dementia capable single entry point with a particular focus on care transitions in cooperation with health care homes; and (2) ensure seamless regional access to a consistent set of high quality, sustainable, dementia capable evidence-based/informed supports for persons with dementia and their caregivers. Grant is complete. | | 37 | 0 | 0 | 0 | Yes | 0.0 |
| Dept. of Health & Human Services, CMS 93.624 | **ACA State Innovation Models: Funding for Model Design and Model Testing Assistance:** Grant that tests and evaluates new assessments of capacity for persons receiving community based long term services and supports (LTSS). The grant provides resources for improved coordination of service and quality related information through the establishment of an electronic personal health record (PHR) across all beneficiaries using LTSS. It identifies and harmonizes electronic LTSS standards particularly for persons receiving Medical assistance home and community based waiver services. | | 2,150 | 1,734 | 2 | 0 | No | 2.5 |
| Dept. of Health & Human Services, Admin. for Community Living 93.763 | **Alzheimer's Disease Initiative: Specialized Supportive Services Project: (ADI-SSS) thru Prevention and Public Health Funds (PPHF).** MBA received a grant to further the development of dementia capable home and community based services and health care systems to deliver high quality and effective supportive services to persons living alone with Alzheimer's disease and related dementias and in family caregivers of people with dementia who need behavioral symptom management training and consultation. | | 23 | 0 | 0 | 0 | Yes | 0.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, Admin. for Community Living 93.761 | **Evidenced Based Falls Prevention Programs Financed Soley by Prevention and Public Health Funds.** The Minnesota Board on Aging (MBA) received a grant to increase the number of evidence based falls prevention programs across Minnesota and to work with the Area Agencies on Aging (AAA) and their partners to build a network that provides information and access to evidence based falls prevention programs. | | 16 | 0 | 0 | 0 | No | 0.0 |
| Department of Health and Human Services, Admin. For Community Living | **Adult Protection Person-Centered Data Reporting system.** The work of the grant will move the state from data reporting by the number of reports and the number of allegations of maltreatment to a person-centered data system with data reporting focused on the vulnerable person who was the subject of the report. Grant outcomes will include the creation of a data warehouse for enhanced data reporting on vulnerable adults and scate case level submission to the National Adult Maltreatment reporting system. (NAMRS). | | 117 | 373 | 50 | 0 | Yes | 0.7 |
| Department of Health and Human Services, Admin. For Community Living | **Grants to Enhance State Adult Protective Services.** This grant designs and builds development and quality assurance environments to mirror the state's person-centered adult protection data warehouse, add customized reporting for structured tool data, evaluate tool reliability and identify factors impacting report intake outcomes. The intended goal is to improve data quality, increase case level reporting capacity to Administration for Community Living and improve consistency in adult protection assessment and screening response for vulnerable adults. Products for this grant will include creation of quality assurance and development environments for the state's person-centered adult protection data warehouse for improved quality of NAMRS case level reporting. | | 0 | 400 | 368 | 334 | Yes | 2.00 |
| Department of Health and Human Services, Admin. For Community Living 93.048 | **Innovations in Nutrition Programs.** This grant would support the development of innovative and promising practices in the Older Americans Act Senior Nutrition Programs in multiple communities around the state. | Yes | 0 | 0 | 250 | 0 | No | 0.0 |
| Department of Education 84.027 | **Special Education Grants to States:** The Individuals With Disabilities Education Act (IDEA) Part B grant from U.S. Department of Education is awarded to the Minnesota Department of Education (MDE). MDE in turn, completes an interagency agreement with DHS to develop coordinated benefits and policy for youth with disabilities. | | 61 | 84 | 95 | 95 | No | 0.5 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, Health Resources and Services Administration 93.917 | **HIV Care Formula Grants:** 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. 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 and special revenue funds. (Approximately 2,600 people served.) 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). Grant includes administrative funding for administering and implementing the grant. | | 8,215 | 8,619 | 11,308 | 12,008 | No | 0.0 |
| Dept. of Health & Human Services, Health Resources and Services Administration 93.917 | **HIV Care Formula Grants:** 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 grant also covers outreach to underserved high risk populations. | | 400 | 2,038 | 700 | 0 | No | 0.0 |
| Dept. of Health & Human Services, Administration for Community Living (ACL) 93.234 | **TBI Demo Grant:** Grant funds will be used to improve Minnesota's TBI system to better support person centered approaches and maximize the independence, well-being and health of people with TBIs and their families. The objectives are to: 1) expand the MN Trauma registry system to collect and analyze data that directly supports policy and services for Minnesotans with a TBI and their families; 2) establish a statewide and cross-agency plan for TBI; 3) increase education and supports for Native Americans living with TBIs; and 4) streamline access to person centered supports resulting in informed choice. | | 0 | 148 | 148 | 148 | Yes | 1.00 |
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.150 | **Projects for Assistance in Transition from Homelessness (PATH):** 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 are used as match for these federal funds. Provided services to 417 persons who were chronically homeless and 902 persons who were at imminent risk of homelessness in CY 2017. An additional 451 persons were contacted through outreach. | | 784 | 824 | 808 | 808 | Yes | 0.3 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.958 | **Block Grants for Community Mental Health Services:** Grants to counties and non-profit agencies for innovative projects based on best practices. Projects include children's mental health collaborative, crisis services for children and adults, adult mental health initiatives and self-help projects for consumers. 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. | | 9,127 | 13,460 | 13,553 | 10,172 | Yes | 11.0 |
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.104 | **Community MH Services for Children with Serious Emotional Disturbances:** Develop children's mental health system of care to improve behavioral health outcomes for Minnesota children and youth with (birth to 21) with serious emotional disturbance. Approximately 18,000 children and youth served by year 4. | | 486 | 3,594 | 4,986 | 2,986 | Yes | 8.15 |
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.243 | **Treatment for Individuals Experiencing Homelessness:** The grant funds are to improve service access to young adults (ages 18 - 25) with a serious mental illness or serious emotional disturbance who are experiencing homelessness. The three strategies to be employed are: (1) integrated behavioral health treatment and other recovery-oriented services; (2) efforts to engage and connect clients with health insurance, Medicaid, and income maintenance benefits; and (3) coordination of housing and services that support sustainable permanent housing. | Yes | 0 | 750 | 1,000 | 1,000 | No | 1.0 |
| Dept. of Health & Human Services, Health Resources and Services Administration 93.243 | **Pregnant and Postpartum Women (PPW):** Expand and enhance women's pregnant and postpartum substance use disorder (SUD) services across our continuum of care (prevention, treatment and recovery) for women, children and families who receive treatment for SUDs. The program will serve 100 women and 200 children per grant year. | | 0 | 393 | 524 | 524 | No | 2.0 |
| Dept. of Health & Human Services, Health Resources and Services Administration 93.243 | **Substance Abuse and Mental Health Services:** Strategic Prevention Framework Partnership for Success (SPF-PFS) program is designed to address two of the nation's top substance abuse prevention priorities: 1) underage drinking among persons ages 12 to 20; and 2) prescription drug misuse and abuse amount persons ages 12 to 25. | | 1,360 | 1,676 | 1,676 | 1,676 | No | 1.0 |

| Federal Agency and CFDA# | Federal Award, Grant Purpose, People Served | New Grant | SFY 2018 Actual | SFY 2019 Budget | SFY 2020 Base | SFY 2021 Base | Required State Match or MOE$ | FTEs |
|---|---|---|---|---|---|---|---|---|
| Dept. of Health & Human Services, Health Resources and Services Administration 93.243 | **Strategic Prevention Framework for Prescription Drugs:** The SPF Rx grant program provides an opportunity to target the priority issue of prescription drug misuse. The program is designed to raise awareness about the dangers of sharing medications and work with pharmaceutical and medical communities on the risks of overprescribing to young adults. SPF Rx will also raise community awareness and bring prescription drug abuse prevention activities and educations to schools, communities, parents, prescribers, and their patients. In addition, SAMHSA will track reductions in opioid overdoses and the incorporation of Prescription Drug Monitoring Program (PDMP) data into needs assessments and strategic plans as indicators of the program's success. | | 165 | 496 | 1,772 | 472 | No | 0.5 |
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.788 | **Opioid State Targeted Response:** Expedites opioid treatment and recovery resources, and supports integration of services at each point in the continuum (e.g. behavioral treatment and Office Based Opioid Treatment (OBOT)/( MAT) Medication Assisted Treatment). Expect to serve 109,852 individuals in the State of Minnesota through the proposed MN Opioid STR. | | 4,045 | 11,950 | 7,050 | 0 | No | 5.65 |
| Dept. of Health & Human Services, Health Resources and Services Administration 93.243 | **Medication-Assisted Treatment (MAT):** Build on the comprehensive Minnesota State Targeted Response to the Opioid Crisis (MN Opioid STR) through this Minnesota Targeted Capacity Expansion of Medication Assisted Treatment Services to target under-served African-American and American Indian high-need communities not reached through MN Opioid State Targeted Response grants. | | 212 | 2,522 | 2,022 | 2,022 | No | 1.0 |
| Dept. of Health & Human Services, Substance Abuse & Mental Health Administration 93.788 | **State Opioid Response:** Expedite opioid treatment and recovery resources and support integration of services at each point in the substance use disorder service continuum through a comprehensive effort to provide targeted response for the following populations: American Indian; African American; and populations with justice involvement. Minnesota expects to serve 9,456 unduplicated individuals annually in the State of Minnesota. | | 0 | 6,654 | 8,871 | 2,218 | No | 3.5 |
| | **Total Federal Funds** | | **9,269,426** | **9,337,838** | **10,211,002** | **10,073,180** | | **232.2** |
| | **Total TANF Federal Funds** | | **268,270** | **273,621** | **274,650** | **276,246** | | **14.7** |

(Dollars in Thousands)

| Program Name Federal or State or Both (citation) | Purpose/ Recipient Type(s) Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Forecasted Grants (current law) 2018 November: General Fund** | | | | | |
| **Minnesota Family Investment Program (MFIP) / Diversionary Work Program (DWP)** (M.S. 256J) | Minnesota Family Investment Program (MFIP) / Diversionary Work Program (DWP) grants provide temporary financial support to help meet basic needs of low-income families with children and low-income pregnant women. In FY 2018, an average of 31,730 low income families per month received help through these programs. See also federal funds. | $90,699 | $85,730 | $86,594 | $87,423 |
| **MFIP Child Care Assistance Grants** (M.S. 119B) | The Minnesota Family Investment Program (MFIP) Child Care Assistance grants provide financial subsidies to help low-income families pay for child care so children are well-cared for and prepared to enter school ready to learn and parents may pursue employment or education leading to employment. This grant serves families who currently participate in the MFIP or DWP programs, or who have recently done so. In FY 2018, an average of 7,830 families per month were served. | $89,853 | $91,641 | $102,931 | $108,453 |
| **General Assistance Grants** (M.S. 256D) | General Assistance (GA) grants provide state-funded, monthly cash grants for very low-income people without children who are unable to work and do not have enough money to meet their basic needs. The most common eligibility reason for people at enrollment is illness or incapacity. In FY 2018, an average of 23,238 people per month received these grants. | $48,883 | $49,614 | $50,563 | $51,200 |
| **MN Supplemental Assistance (MSA) Grants** (M.S. 256D) | Minnesota Supplemental Aid (MSA) grants provide a state-funded monthly cash supplement to help people who are aged, blind or disabled, and who receive federal Supplemental Security Income (SSI) benefits to meet their basic needs that are not met by SSI alone. In 2018, an average of 30,885 people per month received these grants. | $39,066 | $40,601 | $41,834 | $45,866 |
| **Housing Support Program (formerly Group Residential Housing (GRH) Grants)** (M.S. 256I) | Housing Support is a state-funded income supplement program that pays for room and board costs in approved locations for adults with low incomes who have a disability or are 65 years or older. These grants assist individuals who have illnesses or disabilities, including developmental disabilities, mental illnesses, chemical dependency, physical disabilities, advanced age, or brain injuries, to prevent or reduce institutionalization or homelessness. In FY 2017, an average of 20,502 people received Housing Support payments each month. | $158,963 | $167,639 | $171,722 | $176,206 |
| **Northstar Care for Children** (M.S. 256N) | Northstar Care for Children is a new program that began in January 2015. It is designed to help children who are removed from their homes and supports permanency through adoption or transfer of custody to a relative if the child cannot be safely reunified with parents. Northstar Care for Children consolidates and simplifies administration of three programs: Family FosterCare, Kinship Assistance (which replaces Relative Custody Assistance) and Adoption Assistance. Northstar served an average of 17,326 children per month in FY 2018. | $66,513 | $77,636 | $86,921 | $94,528 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| Medical Assistance (MA) Grants General Fund<br>(M.S. 256B) | These funds meet the state's matching funds requirement for Minnesota's Medicaid programs that provide health and long term care coverage to an average of 1.1 million uninsured or underinsured Minnesotans who meet income eligibility requirements. This program is managed by the state under guidance from the federal government. | $4,743,918 | $4,706,208 | $5,356,329 | $5,371,290 |
| **Medical Assistance (MA) Grants-** HCAF<br><br>(M.S. 256B) | These funds meet the state's matching funds requirement for Minnesota's Medicaid programs that provide health and long term care coverage to an average of 1.1 million uninsured or underinsured Minnesotans who meet income eligibility requirements. This program is managed by the state under guidance from the federal government. | $385,159 | $438,848 | $438,848 | $438,848 |
| **Alternative Care (AC) Grants**<br>(M.S. 256B.0913) | The Alternative Care (AC) Program is a cost-sharing program that supports certain home- and community-based services for eligible Minnesotans age 65 and over. In November 2013 the program became eligible for federal Medicaid financial participation through an approved waiver. The program provides services to prevent and delay transitions to Medical Assistance-funded services, such as Elderly Waiver and nursing home care. The AC program served a monthly average of 2,579 older Minnesotans in FY2018, at an average monthly cost of $990. | $15,202 | $17,516 | $19,554 | $21,931 |
| **Minnesota Care Health Care Grants; BACT 31: Health Care Access Fund (HCAF)** | | | | | |
| **Minnesota Care Grants**<br>M.S. 256L and 256B | Minnesota Care Grants pay for health care services for about 83,000 Minnesotans who lack access to affordable health insurance. | $20,800 | $22,860 | $26,772 | $29,526 |
| **Chemical Dependency Entitlement Grants; BACT 35 : Special Revenue Fund** | | | | | |
| **Consolidated Chemical Dependency Treatment Fund (CCDTF) Grants**<br><br>M.S. 254B.02, Sund.1 | The Consolidated Chemical Dependency Treatment Fund (CCDTF) provides funding for residential and non-residential addiction treatment services for eligible low-income Minnesotans who have been assessed as needing treatment for chemical abuse or dependency. Almost all treatment providers in the state are enrolled as CCDTF providers. | $118,294 | $124,951 | $171,153 | $155,719 |
| **Support Services Grants BACT 41: General Fund** | | | | | |
| **MFIP Consolidated Support Services Grants**<br>M.S. 256J.626 | The Minnesota Family Investment Program Consolidated Fund is allocated to counties and tribes to provide an array of employment services for MFIP/DWP participants including job search, job placement, training and education. Funds provide other supports such as emergency needs for low-income families with children and also fund a portion of counties' costs to administer MFIP and DWP. See also Federal Funds. | $8,679 | $8,679 | $8,679 | $8,679 |
| **CFS Injury Protection Program**<br>M.S. 256J.68 | Payments to medical providers for the treatment of injuries suffered by persons while participating in a county or tribal community work experience program. | $0 | $10 | $10 | $10 |
| **Food Stamp Employment and Training (FSET) Service Grants**<br>M.S. 256D.051 | Grants to counties to provide employment supports to adults who receive benefits through the Supplemental Nutrition Assistance Program. The grant is now called Supplemental Nutrition Assistance Program Employment & Training (SNAP E & T). | $18 | $26 | $26 | $26 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Basic Sliding Fee Child Care Grants BACT 42 : General Fund** | | | | | |
| **Basic Sliding Fee (BSF) Child Care Assistance Grants**<br>M.S. 119B | 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, and children are well cared for and prepared to enter school ready to learn. Funds purchased child care for 6,970 families in FY 2018. | $44,030 | $53,359 | $53,583 | $53,639 |
| **Child Care Development Grants BACT 43: General Fund** | | | | | |
| **Child Care Resource and Referral Grants**<br>M.S. 119B | 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 5,000 parents with phone referrals and on-line information to more than 105,000 users. Over 2,800 training classes offered with over 47,000 participants. | $1,007 | $1,007 | $1,007 | $1,007 |
| **Child Care Integrity Grants**<br>M.S. 119B | Grants to counties to support fraud prevention activities. | $146 | $147 | $147 | $147 |
| **Migrant Child Care Grants**<br>M.S. 119B | 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. | $170 | $170 | $170 | $170 |
| **Child Care Service Development Grants**<br>M.S. 119B | 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. | $250 | $250 | $250 | $250 |
| **Child Care Facility Grants**<br>M.S. 119B | 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 |
| **Parent Aware Grants**<br>Laws 2015 SS, chapt 3, art. 9, sec 8, subd 9 as amended by Laws 2016, chapt 189, art 31, sec 5. | These funds support a Quality Rating and Improvement System (QRIS). Grants to child care resource and referral agencies provide recruitment and supports to child care programs that participate in the QRIS and support a website that provides ratings to parents and information for participating child care programs, as well as a grant for evaluation of the initiative. | $1,224 | $1,225 | $1,225 | $1,225 |
| **Child Support Grants BACT 44: Special Revenue Fund** | | | | | |
| **Child Support County Grants**<br>M.S. 518A.51 | This funding is from the non-federal share of the child support 2% processing fee authorized in the 2011 session and the federal $25 annual collections fee mandated in 2006. Counties earn incentives based on their program performance. | $1,534 | $1,543 | $1,543 | $1,543 |
| **Child Support Payment Center Recoupment Account**<br>M.S. 518.56, subd. 11 | 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. | -$17 | $349 | $50 | $50 |
| **Children's Services Grants BACT 45: General Fund** | | | | | |
| **Child Protection Grants**<br>M.S. 256M.41 | These grants are awarded to counties on a formula basis to address staffing for child protection or expand child protection services. Funds must not be used to supplant current county expenditures for these purposes. | $23,350 | $23,350 | $23,350 | $23,350 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Child Welfare Disparities Grants**<br>M.S. 256E.28 | These grants are to address disparities and disproportionality in the child welfare system by:<br>• Identifying and addressing structural factors that contribute to inequities in outcomes<br>• Identifying and implementing strategies to reduce disparities in treatment and outcomes<br>• Using cultural values, beliefs and practices of families, communities and tribes for case planning, service design and decision-making processes<br>• Using placement and reunification strategies to maintain and support relationships and connections between parents, siblings, children, kin, significant others and tribes<br>• Supporting families in the context of their communities and tribes to safely divert them from the child welfare system, whenever possible.La<br>Grants were awarded to eight tribes, counties and community agencies. | $1,650 | $1,650 | $1,650 | $1,650 |
| **American Indian Child Welfare Initiative Program**<br>M.S. 256.01, subd. 14(b) | 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. A one-time appropriation for FY2017 funded planning grants to two additional tribes. | $4,751 | $4,751 | $4,751 | $4,751 |
| **Foster Care Transitional Planning Demo Project (Healthy Transitions and Homeless Prevention)**<br>Laws of Minnesota 2005, Chapter 4, Article 9, Sec. 2, subd.4(g) | Grants to providers for transitional planning and housing assistance services to youth preparing to transition out of foster care or who have recently left foster care. | $1,065 | $1,065 | $1,065 | $1,065 |
| **Privatized Adoption Grants (Public Privatized Adoption Initiative)**<br>M.S. 256.01, subd. 2 | Grants to 5 providers for recruitment of adoptive families; fund child placement agencies' efforts to place children committed to the guardianship of the commissioner in foster care or in extended foster care in adoptive homes. These grants supported services for 203 children and 360 families. | $2,417 | $2,620 | $2,620 | $2,620 |
| **Child Welfare Reform – Prevention / Early Intervention Grants** | 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 approximately 4,000 families per year. | $700 | $786 | $786 | $786 |
| **Foster Care and Adoption Recruitment Grants**<br>M.S. 259A | Grants to county and American Indian Child Welfare Initiatives social service agencies for the recruitment of relative adoptive and foster families. | $62 | $161 | $161 | $161 |
| **Expand Parent Support Outreach** | Statewide allocations to 87 counties and Leech Lake and White Earth Bands of Ojibwe to prevent child maltreatment and improve family functioning for families reported to child protection services. Approximately 4,164 families served per year. | $1,491 | $2,250 | $2,250 | $2,250 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Private Adoptions Child Specific with Carry Forward Authority**<br>M.S. 259A | Child Specific Agreements that were established through the Public Private Adoption Initiative grant take up to three years to complete. This funding is based on legislation that allows carry-forward for the child specific agreements. | $415 | $501 | $501 | $501 |
| **Purchased Services Child Specific-Carry forward** | Child Specific Placement Service Agreements that take up to three years to complete. This funding is based on legislation that allows carry-forward for the child specific agreements. | $38 | $436 | $436 | $436 |
| **Children's Services Grants; BACT 45 : Special Revenue Fund** | | | | | |
| **Parent Support Outreach Grant** M.S. 256E.22 | Statewide allocations to 87 counties and Leech Lake and White Earth Bands of Ojibwe to prevent child maltreatment and improve family functioning for families reported to child protection services. Approximately 4,164 families served per year. See also general fund. | $ 29 | $75 | $75 | $75 |
| **Children's Trust Fund Grants**<br>M.S. 256E.22 | 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. | $599 | $400 | $800 | $800 |
| **Foster Care Recruitment**<br>M.S. 256.01, subd. 36 | Federal financial participation for foster care recruitment. | $0 | $76 | $76 | $76 |
| **Indian Child Welfare Grants (ICWA)**<br>**M.S. 260.785** | 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 federal funds )* | $1,991 | $1,482 | $1,482 | $1,482 |
| **Privatized Adoption Grants**<br>M.S. 256.01, subd. 36 | 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. | $2,417 | $2,620 | $2,620 | $2,620 |
| Adoption IV-B Grants | Federal reimbursement of Title IV-B activities eligible for Title IV-E reimbursement of adoption services to adoptive families. | $607 | $650 | $650 | $650 |
| **Children's Services Grants; BACT 45: Gift Fund** | | | | | |
| **Forgotten Children's Fund**<br>M.S. 16A.016, subd. 2 | 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 63 requests per year. | $8 | $24 | $24 | $24 |
| **Children & Community Services Grants BACT 46: General Fund** | | | | | |
| **Children & Community Services Grants**<br>M.S. 256M | 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 more than 213,000 people annually. | $55,814 | $55,814 | $55,814 | $55,814 |
| **Red Lake Band Human Services Initiative**<br>M.S. 256.01, subd.2(a)(7) and Laws 2016, chapter 189, article 23, sec. 2 | Funding to the Red Lake Nation for direct implementation and administrative costs of the Red Lake Human Services Initiative project to operate a federally approved family assistance program (Tribal TANF) or any other program under the supervision of the commissioner. | $500 | $500 | $500 | $500 |
| **White Earth Band Human Services Initiative**<br>Laws 2011, First Special Session, chapter 9, article 9, section 18 and Laws 2016, chapter 189, article 23, sec. 2 | Funding to the White Earth Nation for direct implementation and administrative costs of the White Earth Band of Ojibwe Human Services Project to transfer legal responsibility to the tribe for providing human services to tribal members and their families. | $1,400 | $1,400 | $1,400 | $1,400 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Children & Economic Assistance Grants BACT 47: General Fund** | | | | | |
| **Homeless Youth Act**<br>M.S. 256K.45 | 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. The total number of youth served through Homeless youth funding is 22,066. | $5,512 | $5,512 | $5,512 | $5,512 |
| **Food Shelf Grants**<br>M. S. 256E.34 | Grants for purchase and distribution of food to food shelves throughout the state, including some administrative costs. | $1,318 | $1,318 | $1,318 | $1,318 |
| **Food Shelf Grants**<br>M. S. 256E.34 | Additional grants for purchase and distribution of food to food shelves throughout the state. | $375 | $375 | $375 | $375 |
| **Aid to Counties- Fraud Prevention Grants (FPG)**<br>256.983 | Grants to counties for the Fraud Prevention Investigation Program, enabling early fraud detection and collection efforts. | $1,559 | $1,768 | $1,768 | $1,768 |
| **Transitional Housing Grants**<br>M.S. 256E.33 | Grants to private non-profits to provide rent assistance and supportive services to homeless individuals and families so they can secure permanent, stable housing. | $3,384 | $3,384 | $3,184 | $3,184 |
| **Emergency Services Grants**<br>M.S. 256E.35 | Grants to non-profits and tribal governments to fund the operating costs of shelters and essential services to homeless families and individuals. | $944 | $944 | $844 | $844 |
| **MN Community Action Grants**<br>M.S. 256E.30 | Grants to Community Action Agencies and tribal governments to focus local, state, private and federal resources to support low-income families and individuals to attain the skills, knowledge and motivation to become economically secure. Funds used at local level for match. | $4,678 | $4,678 | $3,928 | $3,928 |
| **Multilingual Referral Line**<br>Title VI of the Civil Rights Act of 1964 | 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**<br>M.S. 259D.053 | State funded food benefits for legal non-citizens who do not qualify for federal food stamps. | $793 | $2,347 | 1,675 | 1,675 |
| **Family Assets for Independence Minnesota (FAIM)**<br>M.S. 256E.34 | Funds help low-income working Minnesotans increase savings, build financial assets, and enter the financial mainstream. Since 1999, 3,190 FAIM accountholders have completed the program and deposited nearly $4.4 million into savings accounts acquiring over 3,190 long-term financial assets including, purchased homes, post-secondary education and capitalized businesses. | $575 | $575 | $325 | $325 |
| **Safe Harbor**<br>Laws 2013, Chapt 108, Art 14, Sec2, subd 6(g) and Laws 2014, Chapt 312, Art 30, sec 2, subd 4(b) | Grants to 7 private non-profits to provide a new set of programming specific to sex trafficked minors through specialized emergency shelter, transitional living, youth supportive housing programs and specialized foster care. Programs are implementing the no wrong door approach to Safe Harbor for sexually exploited youth. 43 beds are available. | $2,800 | $2,800 | $3,050 | $3,050 |
| **Health Care Grants BACT 51 : General Fund** | | | | | |
| **Navigator Outreach Grants -General Fund**<br>(M.S. 256.962) | These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for Medical Assistance enrollees. | $90 | $90 | $90 | $90 |
| **Emergency MA Legal Referral**<br>(M.S. 256B.06, Subd. 6) | These grants provide immigration assistance for entities to assist Emergency Medical Assistance recipients who may be eligible for Medical Assistance given a change in their citizenship. | $100 | $100 | $100 | $100 |

| Program Name Federal or State or Both (citation) | Purpose/ Recipient Type(s) Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Integrated Care for High Risk Pregnant Women** (M.S. 256B.79) | These funds support community based organizations, public health programs, and health care providers who provide targeted, integrated services for pregnant mothers who are at high risk of poor birth outcomes due to drug use or low birth weight in areas of high need. | $524 | $989 | $989 | $989 |
| **Periodic Data Matching** (Ch. 71, Art. 14 Laws of Minnesota 2015) | Grants to counties to offset their costs in processing eligibility determinations for individuals flagged as potentially ineligible through periodic data matching. | $2,166 | $2,212 | $2,212 | $2,212 |
| **MA Reimbursement for Injectable Drugs** (Ch. 6, Art. 12, Sec. 4 Laws of Minnesota 2017) | Grants to allow providers to bill the Medical Assistance (MA) program for clinic administered injectable drugs used to treat substance abuse when administered by a practitioner in an outpatient setting. | $101 | $400 | | |
| **Chronic Pain Rehabilitation Therapy Demonstration Grant** (Ch. 6, Art. 12, Sec. 3 Laws of Minnesota 2017) | This grant goes to the Courage Kenny Rehabilitation Institute to develop a two-year demonstration project for a bundled payment for chronic pain rehabilitation therapy for adults. Demonstration includes non-narcotic medication management, multidisciplinary care coordination, cognitive behavioral therapy and physical therapy. | $100 | $900 | | |
| **Navigator MA Enrollment Grants** (M.S. 256.962) | These funds provide incentive payments for more than 600 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance program. | $320 | $320 | $320 | $320 |
| **Health Care Grants; BACT 51: Health Care Access Fund** | | | | | |
| **Navigator MA Enrollment Grants**- HCAF (M.S. 256.962) | These funds provide incentive payments for more than 600 individuals and entities across the state providing application assistance for enrollees in the Medical Assistance program. | $365 | $310 | $310 | $310 |
| **Navigator RFP Outreach Grants** – HCAF (M.S. 256.962) | These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for MinnesotaCare enrollees. | $40 | $40 | $40 | $40 |
| **Navigator BHP –** HCAF (M.S. 62V.05, Subd. 4) | These funds provide incentive payments for more than 600 entities and individuals across the state providing application assistance for MinnesotaCare enrollees. | $811 | $3,115 | $3,115 | $3,115 |
| **Other Long Term Care Grants; BACT 52: General Fund** | | | | | |
| **Other Long Term Care Grants M.S. 256.0921** | These funds establish a home and community-based services incentive pool to provide incentives for innovation in achieving outcomes identified in the Olmstead plan, including integrated, competitive employment and living in the most integrated setting in the community and community integration and inclusion. | $1,499 | $1,925 | $1,925 | $1,925 |
| **Incentive Pool Grants** Laws of Minnesota 2017, 1st Special Session, Chapter 6 Article 18, Section 2. Subd 26. | One time grants to continue providing incentives for innovation in achieving outcomes identified in the Olmstead plan, including integrated, competitive employment and living in the most integrated setting in the community | $981 | $1,000 | $0 | $0 |
| **Other Long Term Care Grants; BACT 52: Special Revenue Fund** | | | | | |
| **Money Follows the Person Rebalancing Grant** M.S. 256B.04 Subd. 20 | Rebalancing funds can be used to provide extended services for individuals with multiple barriers seeking to move to community settings, to fund small pilot or "proof of concept" demonstrations for potential service changes or similar activities. Several projects have been approved by CMS in FY 2019 and will be expended over the course of the next three years. | $ - | $3,097 | $1,127 | $1,127 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Aging & Adult Services Grants; BACT 53: General Fund** | | | | | |
| **Senior Nutrition Program Grants**<br>M.S. 256.9752 | Grants to Area Agencies on Aging to provide nutrition services including congregate meals to 38,000 people and home-delivered meals to 12,000 people. | $2,694 | $2,695 | $2,695 | $2,695 |
| **Caregiver Support and Respite Care Project Grants**<br>M.S. 256B.0917, subd. 6 | Grants to provide caregiver and respite services for families and other caregivers. | $478 | $479 | $479 | $479 |
| **Information and Assistance Grants**<br>M.S. 256.975, subd. 7 | Grants to Area Agencies on Aging to provide information and assistance services regarding home and community based services. | $3,449 | $3,449 | $3,449 | $3,449 |
| **Eldercare Development Partnership Grants**<br>M.S. 256B.0917, subd. 1c | Grants to local organizations to provide statewide availability of service development and technical assistance as it relates to home and community based services for older adults. | $1,733 | $1,758 | $1,758 | $1,758 |
| **Aging Prescription Drug Assistance Grant** M.S. 256.975, subd. 9 | 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 and programs that the drug companies offer to help low-income older adults. | $1,190 | $1,191 | $1,191 | $1,191 |
| **Community Services**<br>M.S. 256B.0917, subd. 13 | Grants to public and non-profit agencies to establish services that strengthen a community's ability to provide a system of home and community based services for older adults. | $3,128 | $3,128 | $3,128 | $3,128 |
| **Community Service Development Grants**<br>M.S. 256.9754 | Grants to for-profit and nonprofit organizations, and units of government to increase the supply of home and community based services to rebalance the long-term care service system. | $2,979 | $2,980 | $2,980 | $2,980 |
| **Nursing Facility Return to Community**<br>M.S. 256.975, subd. 7 | Return to Community is an intensive long-term care options counseling service provided by the Senior Linkage Line®, that helps people successfully remain in their homes after discharge from a nursing home. Since the launch of this service in 2010 and through 2017, over 14,000 consumers have been contacted for discharge support. Of those 14,000, direct assistance was provided to over 3,400 older adults at their request to return home and nearly 1,100 are receiving five years of follow up at home. | $5,913 | $7,605 | $7,645 | $7,686 |
| **Senior Volunteer Programs**<br>M.S. 256.976<br>M.S. 256.977<br>M.S. 256.9753 | Support to more than 17,000 older volunteers per year that provides services through the RSVP, Foster Grandparent, and Senior Companion programs. | $1,942 | $1,988 | $1,988 | $1,988 |
| **PAS Screening 25% Aging**<br>M. S. 256.975, subd. 7a-7d | Grant funding for preadmission screening for everyone admitted to a Medical Assistance certified nursing facility. It was passed as part of Reform 2020 during the 2013 legislative session. The preadmission process was streamlined and the process allows for federal match of 75%. | $813 | $817 | $817 | $817 |
| **Aging LTCC Grants**<br>M.S. 256B.0911<br>M.S. 256.975, subd. 7 | Grant funding for Long Term Care consultation services. These services help people make decisions about long term care needs. These services include early intervention visits, and information and education about local long-term care service options. This was Reform 2020 funding from the 2013 legislative session. | $1,737 | $1,739 | $1,739 | $1,739 |
| **Gaps Analysis**<br>Laws of 2013, Chap. 108, Article 15, subd 2(h) | Provides ongoing support to counties to participate in the gaps analysis survey of the HCBS system. | $217 | $218 | $218 | $218 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Aging-Core HCBS Services**<br>M.S. 256B.0917 subd 7a | Grant funding to core in-home and community-based providers for projects to provide services and supports to older adults. | $1,584 | $1,585 | $1,585 | $1,585 |
| **PCA Registry Grants**<br>M. S. 256B.0711, subd. 11 | Grant to an Area Agency on Aging responsible for data maintenance for MNHelp. Info to maintain the direct support worker registry. | $236 | $236 | $236 | $236 |
| **Dementia Grants**<br>(M. S. 256.975, subd. 4 (c) (4) | Grants to regional and local projects to increase awareness of Alzheimer's disease, increase the rate of cognitive testing, promote the benefits of early diagnosis and connect caregivers of persons with dementia to education and resources. | $750 | $750 | $750 | $750 |
| **Aging & Adult Services Grants BACT 53: Special Revenue Fund** | | | | | |
| **MDH Help Me Grow**<br>M.S. 256.01 Subd. 2 | This is an interagency grant contract with the Minnesota Department of Health to provide resources for referral information to families and providers through the Board on Aging MNHELP.info. | $0 | $300 | $0 | $0 |
| **Deaf & Hard of Hearing Grants BACT 54 : General Fund** | | | | | |
| **DHHSD Grants**<br>M.S. 256.01 subd. 2; 256C.233; 256.25; 256.261 | 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 FY17, these grants served 658 people. | $1,789 | $1,835 | $1,835 | $1,835 |
| **Hearing Loss Mentors**<br>M.S. 256.01, subd. 2 | Grant funding pays for deaf or hard of hearing mentors/role models to work with families who need to learn American Sign Language and communication strategies to communicate with and support their children who have learning loss. In FY 17, 37 families were served. | $40 | $40 | $40 | $40 |
| **Deaf and Hard of Hearing Expanded Services Grants**<br>Laws of Minnesota 2017, Chapter 6 | Grants to continue children's mental health services in the northern tier of the state and expand those services to the southwestern tier, eliminate waiting list for family mentor/role model program and deafblind services, provide training in ProTactile or other communications systems for people who are deafblind and service providers. | $793 | $800 | $800 | $800 |
| **Deaf & Hard of Hearing Grants; BACT 54: Special Revenue Fund** | | | | | |
| **Rural Real Time - Grant**<br>M. S. 237.32, 256C.30 | Grants to rural television stations in Minnesota to provide real-time captioning of news and news programming where real-time captioning does not exist. | $266 | $266 | $240 | $240 |
| **Disabilities Grants; BACT 55: General Fund** | | | | | |
| **Technology Grants; Corporate Foster Care Alternatives** Laws of Minnesota 2009, Chapter 79 | Technology for Home (T4H) provides in person assistive technology (AT) consultation and technical assistance to help people with disabilities live more independently. Expert consultants provide current, cost effective solutions and work with the person and their supporters to develop a plan for people who receive home care or home and community based waiver services. As of June 30, 2018, Technology for Home consultants had served 1,372 people with disabilities whose goals for assistive technology had not been met through other services. Approximately half of the people served were children. | $922 | $622 | $622 | $622 |
| **PASRR for Person with MI and DD** | 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. | $0 | $20 | $20 | $20 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **DD Family Support Grants**<br>M.S. 252.32 | Family Support Grants (FSG) provides cash to families to offset the higher-than-average cost of raising a child with a disability. The goal of FSG is to prevent or delay the out-of-home placement of children and promote family health and social well-being by facilitating access to family-centered services and supports. The Family Support Grant serves about 1,600 people per year. | $3,765 | $4,278 | $4,278 | $4,278 |
| **Disability Linkage Line**<br>M.S. 256.01, subd. 24 | Disability Linkage Line (DLL) now known as the Disability Hub MN serves people with disabilities and chronic illnesses and their families, caregivers, or service providers to help people learn about options and connect with services and supports. | $971 | $805 | $805 | $805 |
| **Disability Linkage Line MA Eligible 50%** M.S. 256.01, subd. 2, (aa) | State share of funding for work completed by the Disability Linkage Line (now known as the Disability Hub MN) that is related to Medical Assistance and therefore eligible for 50% FFP based on activities reporting. | $520 | $700 | $700 | $700 |
| **Semi-Independent Living Skills (SILS) Program**<br>M.S. 252.275 | SILS serves people who are at least 18 years old, have a developmental disability and require supports to function in the community, but are not at risk of institutionalization. SILS serves approximately 1,500 people each year. | $5,889 | $8,309 | $8,309 | $8,309 |
| **Consumer Support Grants**<br>M.S. 256.476 | Consumer Support Grant (CSG) is available for people who are eligible for Medical Assistance (MA) as an alternative to home care. CSG helps individuals purchase items and supports needed for the person to live in their own home. On an annual basis, MA funds are transferred to this grant based on the current forecast. There is a small general fund appropriation for CSG. CSG served 2,419 people in FY 2017. | $27,617 | $33,532 | $33,400 | $17,721 |
| **State Case Management Grants**<br>M.S. 256.01 19-20 | 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 1,047 clients served in FY 2017 from all funding sources for case management). See also Insurance grants. | $1,060 | $1,156 | $1,156 | $1,156 |
| **State Insurance Premium Grants**<br>M.S. 256.01 19-20 | HIV/AIDS programs assist individuals with health insurance premiums and pay premiums for people with HIV/AIDS who can't get insurance coverage elsewhere. Approximately 650 clients served in FY 2017 for all funding sources for insurance. See also - Case management grants. | $1,103 | $1,064 | $1,064 | $1,064 |
| **Advocating Change Together –ACT**<br>M.S. 256.477 | A grant to establish and maintain a statewide self-advocacy network for **individuals** with intellectual and developmental disabilities. Grantee informs and educates individuals with disabilities about their legal rights and provides training to people to self-advocate. | $133 | $381 | $133 | $133 |
| **State Quality Council Grant**<br>M.S. 256B.097, Subd. 1-3, 6. Minnesota Laws of Minnesota, Chapter 71, Article 14, Section 2, Subd. 5(l). | Grant to establish and maintain regional quality councils to provide technical assistance, monitor and improve the quality of services for people with disabilities, and monitor and improve person-centered outcomes and quality of life indicators for people with disabilities. | $594 | $600 | $600 | $600 |

| Program Name Federal or State or Both (citation) | Purpose/ Recipient Type(s) Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Region 10 Grants** M.S.256B.095 to 256B.0955 | Grant to support the implementation of the Quality Assurance System for persons with disabilities for the purpose of improving services provided to persons with disabilities.<br><br>Supporting the ongoing planning and operation of the Quality Assurance System for persons with physical, cognitive or chronic health conditions seeking to improve service outcomes.<br><br>Completing necessary state and federal reports and participation in the evaluation of the system in accordance with Minnesota Statute, sections 256B.095 to 256B.0955. | $100 | $100 | $100 | $100 |
| L**ocal Planning Grants** Laws of Minnesota 2012, Ch. 247, Article 4, Sect 44. | Grants to assist lead agencies and provider organizations in developing alternatives to congregate living within the available level of resources for the HCBS waivers for people with disabilities. Local planning grants are used to create alternatives to congregate living for people with lower needs and are available to counties, tribes, and provider organizations. This work supports the planning process under MN Statute sections 144A.351 and 245A.03, subdivision 7, paragraphs (e) and (g). | $254 | $254 | $254 | $254 |
| **Intractable Epilepsy** Minnesota Laws of 1988, Chapter 689 | A grant to support a living skills training program for people with intractable epilepsy who need assistance in the transition to independent living. | $344 | $344 | $344 | $344 |
| **Modify Residency Ratios** M.S. 256B.492 | This grant passed in 2013 and it is to assist people with HIV/AIDS with Housing. It gives an exception to the four unit community living requirement. | $ - | $143 | $143 | $143 |
| **DT&H Facilities** Minnesota Laws of 2014, Chapter 312, Sec.75 (b)11 | This grant is for rate increases to day training and habilitation facilities to be distributed through an allocation to the counties. | $811 | $811 | $811 | $811 |
| **Institutional Settings** Minnesota Laws of 2017, 1st Special Session , Chapter 6,Article 18, Section 2, Subdivision 29. | This grant is to an organization described under Minnesota<br>Statutes, section 256.477 (Self advocacy grants) , to be used for subgrants to organizations in Minnesota to conduct outreach to persons working and living in institutional settings to provide education and information about community options. *This is a onetime appropriation.* | $105 | $105 | $0 | $0 |
| **Intellectual and Developmental grants**. Minnesota Laws of 2017, 1st Special Session, Chapter 6, Article 18, section 2, subdivision 29. | This funding is for a grant to an organization described under Minnesota Statutes, section 256.477 (Self Advocacy grants). The grants are for maintaining an infrastrure needed to train and support the activities of a statewide network of peer-to-peer mentors for persons with developmental disabilities; provide outreach activities, to provide an annual leadership program for persons with intellectual and developmental disabilities; and to provide for administrative and general operating costs associated with managing and maintaining facilities, program delivery, evaluation, staff, and technology. *This is a onetime appropriation.* | $143 | $143 | $0 | $0 |
| **Autism Spectrum Disorder** Minnesota Laws of 2017, 1st Special Session , Chapter 6, Article 18, Sections 2, Subdivision 29. | Grant to an organization located in Richfield to provide life skills training to young adults with learning disabilities to meet the needs of individuals with autism disorder. *This is a onetime appropriation.* | $125 | $125 | $0 | $0 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Waiver Rate Setting**<br>Minnesota Laws of 2017, 1st Special Session , Chapter 6,Article 18, Section 2, Subdivision 29. | Grants will provide technical assistance to providers whose revenue is impacted by the Disability Waiver Rate System. | $361 | $31 | $287 | $288 |
| **Work-Empower Grant**<br>M.S. 256B.021 | Grants are intended to assist people with disabilities find integrated competitive employment. This was part of the Reform 2020 legislation passed during the 2013 legislative session. | $502 | $502 | $502 | $502 |
| **Disabilities Grants; BACT 55: Special Revenue Fund** | | | | | |
| **ADAP Drug Rebates-Title II Grants**<br>M.S. 256.01, subd 20 | Dedicated funding resulting from ADAP drug rebates that supplements state and federal allocations to maintain private insurance coverage and/or purchase HIV related drugs. In addition, the funds can be spent on allowed core and support services per the federal Ryan White regulations . | $8,268 | $16,426 | $8,582 | $8,582 |
| **DEED Disability Hub Grant**<br>M.S. 256.01 Subd. 2 | This is an interagency agreement with the Department of Employment and Economic Development for one year. The agreement provides benefits planning and building capacity to meet statewide needs. | $0 | $288 | $0 | $0 |
| **DEED HB TE MPD Grants**<br>**M.S. 256.01 Subd. 2** | This is an interagency agreement with the Department of Employment and Economic Development (DEED) for one year. This funding came from DEED to design and evaluate assistive technology for people with disabilities. (DEED received the funding under MN Laws of 2016, Article 7, subd. 4). | $249 | $0 | $0 | $0 |
| **Housing & Support Services Grants; BACT 56: General Fund** | | | | | |
| **Long Term Homeless Services Grants**<br>M.S. 256K.26 | Grants to multi-county collaboratives that subgrant funds to service providers assist long-term homeless individuals and families with children to find and maintain permanent housing. In 2017, 5,713 individuals at risk of or experiencing long-term homelessness received supportive services. Funds may also be used at the local level for federal Housing and Urban Development housing match. | $7,285 | $7,285 | $6,910 | $6,910 |
| **Community Living Infrastructure Grants**<br>Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24J | The Community Living Infrastructure grant program supports the needs of people with disabilities and housing instability who want to live in the community but are faced with significant barriers in transitioning into community living from institutions, licensed facilities or homelessness. The Community Living Infrastructure funding was awarded to 17 grantees beginning in FY2018. | $1,485 | $1,485 | $1,585 | $2,685 |
| **Real-Time Housing Website**<br>Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24K | The Real Time Housing Website grant is for the design, development and maintenance of a fully accessible and usable website, including an application, to track real-time-housing openings for people with disabilities across the state of Minnesota. The Real Time Housing funding was awarded to one grantee to develop the website beginning in FY2018. | $150 | $150 | $150 | $150 |
| **Housing Benefit Website (HB101)**<br>Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 24L | Housing Benefit grant money pays for the development and maintenance of the Housing Benefits 101 website which helps persons with disabilities understand types of housing available to them depending the person's situation, needs and desires. | $80 | $130 | $130 | $130 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **HCBS Waiver Growth**<br>M.S. 256B.0658 | 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. As part of our experience with this grant, we have revised our housing service coordination process through the Home and Community Based Waivers. Since the fall of 2009, more than 1,700 people have used housing access services to move from licensed or unlicensed settings to homes of their own that are not owned, leased, or controlled by disability services providers. | $489 | $489 | $489 | $489 |
| **Housing & Support Services Grants; BACT 56: Special Revenue Fund** | | | | | |
| **SSI-IAR Disability Hub**<br>M.S. 256D.06, subd. 5 | Grants fund services provided by the Disability Linkage Line® to connect individuals using state benefit programs (General Assistance, Group Residential Housing and Minnesota Family Investment Program) with agencies under contract with the Department of Human Services to provide support and representation in applying for social security benefits. The Disability Hub MN, formerly the Disability Linkage Line, served 28,443 people, had 68,313 contacts with consumers, and participated in 163 educational events in FFY2017. | $140 | $140 | $140 | $140 |
| **Adult Mental Health Grants; BACT 57: General Fund** | | | | | |
| **South Central Crisis Program**<br>Laws of 2010, 1st SS, Ch.1 Art. 25, subd. 10(a) | This grant funds Crisis Residential Stabilization Services in the Mankato area (CY2017 est. 760 rapid access psychiatry visits provided). | $489 | $600 | $600 | $600 |
| **Mental Illness (MI)-Crisis Housing**<br>M.S. 245.99, subd. 1 | 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. Provided Crisis Housing Assistance to prevent homelessness of 231 people in facility based treatment in CY 2017. | -$17 | $610 | $610 | $610 |
| **Adult Mental Health Culturally Specific Services**<br>M.S. 245.4661, subd 6 | Grants to support increased availability of culturally responsive mental health services for racial and ethnic minorities through providing internship placements and clinical supervision to emerging mental health professionals. Since these grants began, 390 individuals have received clinical supervision, mentoring, or training through this funding. | $293 | $300 | $300 | $300 |
| **Rule 78 Adult Mental Health Grant**<br>M.S. 256E.12 | Grants to counties for community support services to adults with serious and persistent mental illness. Rule 78 and Adult Mental Health Integrated funds collectively serve about 28,200 individually annually. | $21,858 | $21,000 | $21,000 | $21,000 |
| **Adult Mental Health Integrated Fund**<br>M.S. 245.4661, subd. 6 and 256E.12 | Grants to counties for Adult Mental Health 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. Rule 78 and Adult Mental Health Integrated funds collectively serve about 28,200 individually annually. | $34,695 | $34,695 | $34,695 | $34,695 |
| **Transition Init Waivered Services**<br>M.S. 246.18, subd. 8 (b) (1) | Grants to counties and/or providers to transition individuals from Anoka Metro Regional Treatment Center and the Minnesota Security Hospital to the community when clients no longer need hospital level of care. In SFY 2017, 19 clients were successfully transitioned to the community. | $235 | $278 | $278 | $278 |

| Program Name<br>Federal or State<br>or Both (citation) | Purpose/ Recipient Type(s)<br>Eligibility Criteria | FY 2018 | FY 2019 | FY 2020 | FY 2021 |
|---|---|---|---|---|---|
| **Transition Init. Populations**<br>M.S. 256.478 | Disability Services and Adult Mental Health divisions are working together to develop contracts to pay for the costs of individuals moving from Anoka, St. Peter including wrap around services to support people in the community. Of the 92 individuals served in SFY 17, 47 individuals were discharged: 33 from AMRTC and 14 from MSH. | $1,432 | $1,725 | $1,725 | $1,725 |
| **Pilot Project**<br>M.S. 245.4661 | Grant to Zumbro Valley Mental Health Center to implement a pilot project to test an integrated behavioral health care coordination model. | $140 | $0 | $0 | $0 |
| **Mobile Crisis Services Grants**<br>M.S. 245.4661, subd. 6 | Grants to counties in regional partnerships to build psychiatric crisis response capacity, including mobile crisis intervention and follow-up stabilization services. Provided Crisis Response Services to 17,515 people in response to crisis episodes in CY 2017. | $13,823 | $13,823 | $12,419 | $12,419 |
| **Peer-Run Respite**<br>Laws of 2017, 1st SS, Ch.6 Art. 18, Sec. 2, subd. 30A | Selected and qualified individuals with a lived experience of mental illness are trained to provide respite services. This was one-time funding for SFY 18. | $100 | $0 | $0 | $0 |
| **Adult Mental Health Int Fund: Non-County Allocation**<br>M.S. 245.4661, subd. 6 | Grant to providers to develop a resource and training center in evidence-based practices for the treatment of co-occurring mental illness and substance use as well as support training of therapists in an evidence-based treatment for high need individuals (Dialectical Behavior Therapy). | $940 | $1,000 | $1,000 | $1,000 |
| **Sustainability Grants**<br>M.S. 256b.0622, subd. 11 | Grants for Intensive Residential Treatment Services (IRTS), Crisis Residential Services, and Assertive Community Treatment (ACT) providers who are facing financial difficulty due to current payment rate structure. Covered the cost of approximately 62,781 bed days that would otherwise have been uncompensated in SFY 2017. | $1,574 | $1,563 | $2,125 | $2,125 |
| **Housing Support Grants**<br>M.S. 245.4661, subd. 9 | Grants to establish recipients in stable housing and provide a foundation for accessing healthcare and other needed resources. Housing with supports grants fund activities that are designed to assist tenants with significant or complex barriers to housing. Provided Housing with Support services to assist 1,716 persons with serious mental illness in accessing and retaining permanent supportive housing by the end of CY 2017. | $5,575 | $5,625 | $4,550 | $4,550 |